

**CITY OF SEGUIN, TEXAS**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**

**FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2012**

Prepared by: Finance Department  
Susan Caddell  
Director of Finance



CITY OF SEGUIN, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	<u>PAGE</u>
TITLE PAGE.....	i
TABLE OF CONTENTS .....	ii
LETTER OF TRANSMITTAL .....	v
GFOA CERTIFICATE OF ACHIEVEMENT .....	ix
PRINCIPAL OFFICERS .....	x
ORGANIZATIONAL CHART .....	xi

**FINANCIAL SECTION**

INDEPENDENT AUDITOR’S REPORT .....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	3
BASIC FINANCIAL STATEMENTS .....	14
STATEMENT OF NET ASSETS .....	15
STATEMENT OF ACTIVITIES.....	17
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS.....	19
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET TO THE STATEMENT OF NET ASSETS .....	21
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS .....	22
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	24
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS .....	25
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS .....	27
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS .....	28
STATEMENT OF FIDUCIARY NET ASSETS .....	30
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS .....	31
NOTES TO BASIC FINANCIAL STATEMENTS .....	32
REQUIRED SUPPLEMENTARY INFORMATION .....	64
REQUIRED SUPPLEMENTARY INFORMATION - GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL.....	65
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL.....	70

CITY OF SEGUIN, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

**TABLE OF CONTENTS (Continued)**

**FINANCIAL SECTION (Continued)**

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION - TEXAS MUNICIPAL RETIREMENT SYSTEM - SCHEDULE OF FUNDING PROGRESS - LAST THREE FISCAL YEARS .....	71
TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL RETIREMENT FUND - SCHEDULE OF FUNDING PROGRESS * - LAST THREE ACTUARIAL VALUATIONS .....	71
REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS - LAST THREE ACTUARIAL VALUATIONS .....	72
 SUPPLEMENTARY INFORMATION	
COMPARATIVE BALANCE SHEETS - GENERAL FUND .....	74
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND .....	75
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - DEBT SERVICE FUND .....	76
COMBINING FINANCIAL STATEMENTS - NON-MAJOR GOVERNMENTAL FUNDS .....	77
NONMAJOR GOVERNMENTAL FUNDS - COMBINING BALANCE SHEET .....	79
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE .....	80
NONMAJOR SPECIAL REVENUE FUNDS - COMBINING BALANCE SHEET .....	81
NONMAJOR SPECIAL REVENUE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE .....	85
NONMAJOR CAPITAL PROJECTS FUNDS - COMBINING BALANCE SHEET .....	89
NONMAJOR CAPITAL PROJECTS FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE .....	91
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - OCCUPANCY TAX FUND .....	93
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - COLISEUM FUND .....	94
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - AQUATIC CENTER FUND .....	95
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - CONVENTION & VISITORS BUREAU .....	96
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - SEBASTOPOL HOUSE .....	97
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - POLICE DONATIONS FUND .....	98
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - PEG CAPITAL FEES .....	99
COMPARATIVE STATEMENTS OF NET ASSETS - UTILITY FUND .....	100
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - UTILITY FUND .....	101
COMPARATIVE STATEMENTS OF CASH FLOWS - UTILITY FUND .....	102
COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT - UTILITY FUND .....	104

CITY OF SEGUIN, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

**TABLE OF CONTENTS (Continued)**

**FINANCIAL SECTION (Continued)**

	<u>PAGE</u>
COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS.....	106
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – INTERNAL SERVICE FUNDS.....	107
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS.....	108
COMBINING STATEMENT OF NET ASSETS - FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS .....	109
COMBINING STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS .....	110
STATEMENT OF CHANGES IN NET ASSETS AND LIABILITIES - AGENCY FUND.....	111

**STATISTICAL SECTION**

NET ASSETS BY COMPONENT .....	113
CHANGES IN NET ASSETS .....	115
FUND BALANCES, GOVERNMENTAL FUNDS .....	119
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS .....	121
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS .....	123
ASSESSED VALUE AND ACTUAL VALUE OF PROPERTY .....	124
DIRECT AND OVERLAPPING PROPERTY TAX RATES .....	125
PRINCIPAL PROPERTY TAX PAYERS .....	126
PROPERTY TAX LEVIES AND COLLECTIONS .....	127
RATIOS OF OUTSTANDING DEBT BY TYPE .....	128
RATIOS OF GENERAL BONDED DEBT OUTSTANDING .....	129
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT .....	130
COMPUTATION OF LEGAL DEBT MARGIN .....	131
PLEDGED REVENUE COVERAGE .....	133
DEMOGRAPHIC AND ECONOMIC STATISTICS .....	134
PRINCIPAL EMPLOYERS .....	135
OPERATING INDICATORS BY FUNCTION .....	136
CAPITAL ASSET STATISTICS BY FUNCTION .....	138
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION .....	140

**COMPLIANCE SECTION**

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	143
REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	145
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	147
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	148
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	149
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	150





## **CITY OF SEGUIN**

March 1, 2013

The Honorable Mayor and City Council  
City of Seguin, Texas

We are pleased to present the Comprehensive Annual Financial Report of the City of Seguin, Texas (the City), for the fiscal year ended September 30, 2012. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the presented data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Seguin's financial statements have been audited by Armstrong, Vaughan & Associates, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Seguin for the fiscal year ended September 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis letter, the government-wide financial statements, the fund financial statements, notes to the financial statements, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the City. The City provides a full range of services including: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, convention and visitors' bureau and general administrative services. The City also provides electric, water, and wastewater services; therefore, these activities are included in the reporting entity.

**City of Seguin profile.** The City of Seguin is located in South Central Texas and is the county seat and principal commercial center of Guadalupe County. The City is located on Interstate Highway 10, about 35 miles east of San Antonio, 160 miles west of Houston, and 50 miles south of Austin, the State capital.

Incorporated in 1853, the City operates under a Home Rule Charter, which was adopted on December 7, 1971. The City has a council-manager type of government composed of the manager, mayor and eight councilpersons elected for four-year terms. The City Manager is the chief administrator and executive officer for the City and has full responsibility for carrying out Council policies and administering City operations, including hiring department Directors and all other City employees. City service departments provide a full range of services including police and fire protection, EMS services, building inspections, animal control services, parks and recreation services, golf, library services, public works services and general administrative services. In addition, the City of Seguin also provides electric, water and wastewater services.

**Local economy.** The Seguin-Guadalupe County economy is an important contribution to the San Antonio metropolitan area. Industry, agriculture and agribusiness, minerals, education, and recreation are major contributors. The City of Seguin has been economically stable for many years because of the industries located here. Major industries with headquarters or divisions located within the City of Seguin include, Continental, Inc., Commercial Metals Corporation (CMC), Tyson Foods, Inc., Caterpillar, Inc., ITW/Minigrip, Wal-Mart, Alamo Industrial, HEB and Hexcel-Schwebel.

In addition, to the Seguin Independent School District, Seguin is the home of Texas Lutheran University (TLU). It is a fully accredited four-year co-educational senior liberal arts institution of higher education. TLU's 1,400 students (50-50 male/female) come from 22 states and eight foreign countries. The 14:1 student-teacher ratio allows for small classes. TLU has repeatedly been listed as one of the top ten small colleges in the southern United States by the *U.S. News and World Report* survey of college presidents.

The Central Texas Technology Center (the "CTTC") is a District Workforce Specialty Campus located minutes from downtown Seguin. The CTTC consists of a 25,000-square-foot facility. It is the area's first higher education facility dedicated to technology and it is a collaborative effort of the governing bodies and business development agencies of New Braunfels, Seguin and the Alamo Community College District (ACCD).

Guadalupe Regional Medical Center (GRMC), located in Seguin, is an award-winning, technologically advanced regional healthcare provider that transforms lives by providing compassionate high-quality healthcare. With an active medical staff of 65 local physicians and 700 employees, GRMC provides comprehensive healthcare services to the residents of eight counties throughout Central Texas. Each year the hospital admits approximately 5,000 patients, treats 32,000 Emergency Department visits, delivers 700 babies, and performs 3,200 surgeries. GRMC contributes nearly \$40 million per year to the local economy in salaries and benefits and is one of the largest employers in Guadalupe County. Jointly owned by the City of Seguin and Guadalupe County, GRMC is a not-for-profit community hospital committed to its values of compassion, teamwork, excellence, enthusiasm, and dedication.

GRMC has expanded its existing facilities into an ultramodern health care complex designed to serve an eight county region. The three-year project, completed in 2010, encompasses 141,000 square feet of new construction, major remodeling of 65,000 square feet, and technological upgrades. The project is financed by a HUD insured loan, which means there is no risk or cost to taxpayers. The loan will be repaid from hospital revenue and private philanthropy raised through the hospital Foundation's Capital Campaign.

The economic outlook for the City of Seguin appears to be well as our sales tax revenues continue to rise and our unemployment rate remains below the national average. The unemployment rate for the State of Texas as of September 2012 was 6.3%. The unemployment rate for Guadalupe County as of September 2012 was 5.5%. The unemployment rate for the City of Seguin as of September 2012 was 5.8%.



A new facility was built by Caterpillar, Inc. in the City of Seguin. Once fully operational, the company will have 1,459 employees with an annual payroll of \$85.9 million dollars – an average salary of over \$58,876 per year. Additionally, 1,719 indirect or spin off jobs will be created in the local/regional economy as a result of this project. These direct and indirect jobs will create almost \$159 million in earnings for the local/regional economy. At full build-out and operations, the project is projected to have a \$600 million per year impact on the local economy.

In 2012, Continental Automotive Systems, Inc., announced that it would relocate production of its sensors and actuators from Europe and Asia to its plant in Seguin, creating 300 new jobs and \$113 million in capital investment.

In June 2011, Rave Gears, LLC announced that it would build a precision gear manufacturing plant in Seguin. Rave Gears, LLC will specialize in the manufacturing of precision gears for the aerospace, automobile racing, and recreational vehicle industries. The plant will employ 60 people with a \$3 million capital investment and bring in a new industry to the community.

**Long-term financial planning.** The City issued \$3,400,000 in certificates of obligation bonds in November of 2011. These bonds are to fund street and drainage projects, the purchase of a new fire truck and a grant match towards the construction of a new water storage tank. In addition, the City issued \$4,375,000 in general obligation refunding bonds in November 2011.

## **FINANCIAL INFORMATION**

**Internal control.** Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA). The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

The City utilizes a computerized financial accounting system, which includes a system of internal accounting controls. Such controls have been designed and are continually being reevaluated to provide reasonable, but not absolute, assurances.

**Budgeting Controls.** The City also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. However, budgetary accounting is maintained on a line-item basis. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end, however, encumbrances generally are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

**Financial rating.** The City's bond rating for Fitch Ratings and Standard & Poor's is as follows:

	<u>Fitch Ratings</u>	<u>Standard &amp; Poor's</u>
General Obligation Bonds	AA/stable outlook	A+/positive outlook
Utility Revenue Bonds	A+/stable outlook	A-/positive outlook

**Retirement Plan.** The City provides pension benefits for all of its full-time employees through the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

**Deferred Compensation Plan.** The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**Health Benefits Trust Fund.** During fiscal year 2009, the City established a Health Benefits Trust Fund and Retiree Insurance Trust Fund. These funds were established for the receipt of health insurance premiums from the benefits paid by the City, premiums paid by retirees and dependent premiums paid by employees and retirees. The disbursements of these premiums are also paid out of these funds.

#### **OTHER INFORMATION**

**Independent Audit.** The City Charter requires an annual audit of the books, accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with and the independent auditors' report by Armstrong, Vaughan & Associates, P.C., Certified Public Accountants, has been included in this report.

**Acknowledgements.** The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to thank the members of the City Council and the citizens of the City of Seguin for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Douglas G. Faseler  
City Manager



Susan Caddell  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Seguin  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Morrell*

President

*Jeffrey R. Enen*

Executive Director

CITY OF SEGUIN, TEXAS

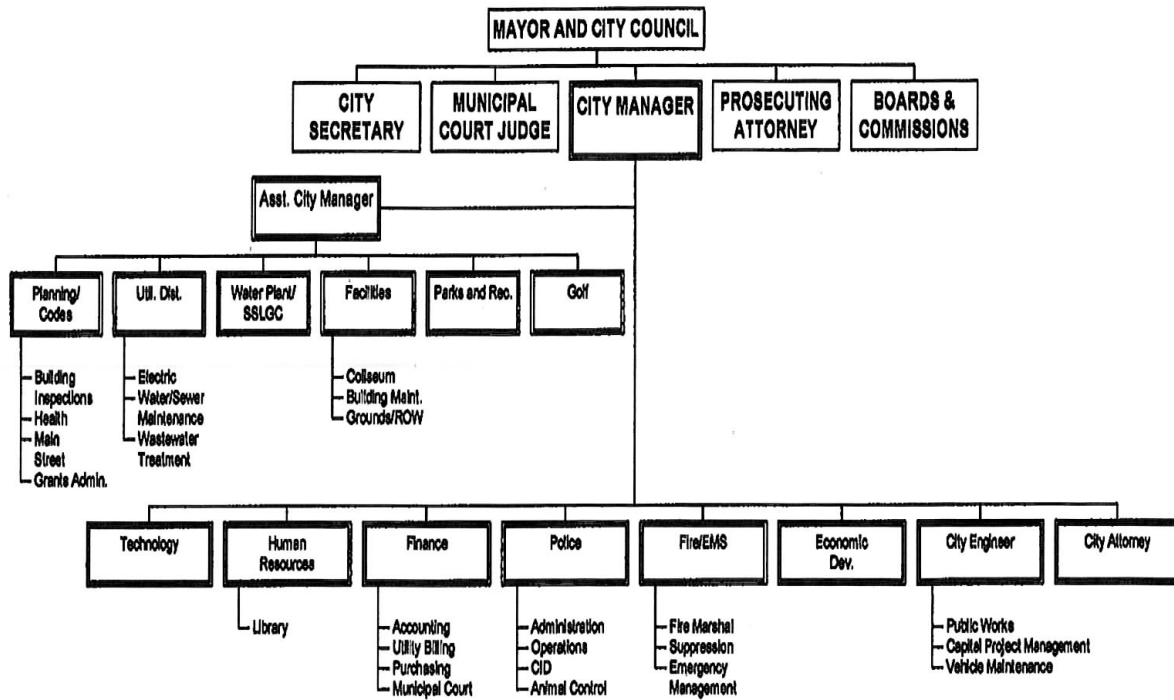
PRINCIPAL OFFICERS

BETTY ANN MATTHIES ..... Mayor  
TOMAS V. CASTELLON, JR. .... Mayor Pro-Tem  
NICK CARRILLO ..... Councilman  
MANUEL E. CEVALLOS ..... Councilman  
DONNA DODGEN ..... Councilwoman  
MARY LOUISE GONZALES ..... Councilwoman  
DON KEIL ..... Councilman  
CARLOS MEDRANO ..... Councilman  
BOB PEES ..... Councilman  
STEPHEN TSCHOEPE ..... Councilman

DOUG FASELER  
City Manager

THALIA STAUTZENBERGER ..... City Secretary  
SUSAN CADDELL ..... Director of Finance  
ANDREW QUITTNER ..... City Attorney

# CITY OF SEGUIN



1009



SHAREHOLDERS:

Nancy L. Vaughan, CPA  
Deborah F. Fraser, CPA



Armstrong, Vaughan & Associates, P.C.  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the City Council  
City of Seguin, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Seguin, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

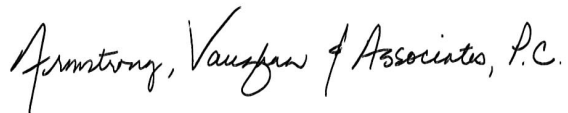
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 20, 2013 on our consideration of the City of Seguin, Texas', internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress on pages 3 through 13 and pages 64 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards

generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seguin, Texas' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

February 20, 2013



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seguin, we offer readers of the City of Seguin's financial statements this narrative overview and analysis of the financial activities for the City of Seguin for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the City's financial statements immediately following this analysis.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Seguin exceeded its liabilities at the close of the fiscal year ending September 30, 2012, by \$112,871,905 (net assets). Of this amount, \$57,190,194 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$13,991,867 or 14% compared to the prior fiscal year. This is attributable largely in part due to the receipt of a tax exemption settlement agreement in the amount of \$9,585,200.
- As of September 30, 2012, the City of Seguin's governmental funds reported combined ending fund balances of \$38,695,172, an increase of \$13,479,356. This is attributable largely in part due to the issuance of the Certificate of Obligation bonds and the tax exemption settlement agreement as mentioned previously.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$17,454,678, or 110.8% of total General Fund expenses.
- The City's total debt increased by \$630,266 during the current fiscal year. The City issued Certificate of Obligation Bonds in the amount of \$3,400,000, but also refunded two revenue bonds and one general obligation bond.
- During the year, the City's expenses were \$2,383,537 less than the \$24,064,250 generated in taxes and other revenues for governmental activities.
- The total cost of the City's governmental activity programs increased by \$885,794 from last year, and no new programs were added this year. Salaries and benefits increased from fiscal year 2012. In addition, depreciation increased due to several street and drainage projects being completed in fiscal years 2011 and 2012.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City of Seguin's basic financial statements. The City of Seguin's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The comprehensive annual financial report (CAFR) also contains supplementary information in addition to the basic statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Seguin's finances, in a manner similar to a private-sector business

The *statement of net assets* presents information on all of the City of Seguin's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Seguin is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

In the *statement of net assets* and the *statement of activities*, the City's operations are divided into two kinds of activities:

- 1 Governmental Activities – Most of the City's basic services are reported here, such as public safety, public works and general administration. Property taxes, franchise fees and charges for services finance most of these activities.
- 2 Business-Type Activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Utility Fund, which include, electric, water and wastewater services, are reported here.

In addition, the *government-wide financial statements* include not only the City of Seguin itself, but also the Seguin Economic Development Corporation, a legally separate component unit for which the City is financially accountable. Financial information for this component unit is reported separately from the primary government and business-type activities.

The *government-wide financial statements* can be found on pages 14 - 18 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Seguin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Governmental funds statements are reported using current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the *statement of net assets* and the *statement of activities*) and governmental funds are detailed in a reconciliation following the fund financial statements.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, 2010 Certificates of Obligation Fund, and Debt Service Funds, all of which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the CAFR.

The basic governmental fund financial statements can be found on pages 19 - 24.

***Proprietary funds.*** The City charges customers for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *statement of net assets* and the *statement of activities*.

The City maintains two different types of proprietary funds. The Utility Fund is a business-type activity and consists of revenues from charges for electric, water and wastewater sales. The Internal Service Funds account for revenues and expenditures for the employee health insurance, retiree health insurance and workers' compensation insurance. The fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary funds financial statements can be found on pages 25 - 29 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Seguin's own programs. The method of accounting utilized for these funds is similar in nature to that of the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30 - 31 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 - 63 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budgetary schedule. The City of Seguin adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 65 - 69 of this report.

In addition, this report also contains certain required supplementary information concerning the City of Seguin's progress in funding its obligation to provide pension benefits to City staff and members of the City's firemen's pension fund, as well as funding progress for other postemployment benefits (health insurance) provided to retirees.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and individual internal service funds are presented immediately following the required supplementary information described in the preceding paragraph. Combining and individual fund statements can be found on pages 73-111 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of September 30, 2012, the City of Seguin's assets exceeded liabilities by \$112,871,905. Table A-1 is a

condensed version of the City's statement of net assets for the years ended September 30, 2012 and 2011, respectively.

The largest portion of the City's total net assets (50.7%) is its unrestricted net assets. This is largely due to the tax exemption settlement agreement of \$9,585,200. The next largest portion of the City's total net assets (44%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Seguin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1  
City of Seguin's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current assets	\$ 28,572,541	\$ 17,149,024	\$ 32,857,206	\$ 32,545,614	\$ 61,429,747	\$ 49,694,638
Capital assets	51,042,144	51,286,779	42,983,503	41,784,165	94,025,647	93,070,944
Other non current assets	16,796,733	14,602,385	12,030,811	13,051,351	28,827,544	27,653,736
Total assets	<u>\$ 96,411,418</u>	<u>\$ 83,038,188</u>	<u>\$ 87,871,520</u>	<u>\$ 87,381,130</u>	<u>\$184,282,938</u>	<u>\$170,419,318</u>
<b>Liabilities</b>						
Current liabilities	\$ 2,093,013	\$ 2,182,746	\$ 4,553,278	\$ 5,046,874	\$ 6,646,291	\$ 7,229,620
Noncurrent liabilities	43,644,443	42,066,959	21,120,299	22,242,701	64,764,742	64,309,660
Total liabilities	<u>45,737,456</u>	<u>44,249,705</u>	<u>25,673,577</u>	<u>27,289,575</u>	<u>71,411,033</u>	<u>71,539,280</u>
<b>Net Assets</b>						
Invested in Capital Assets	21,979,540	22,058,500	27,668,999	26,908,429	49,648,539	48,966,929
Restricted	2,793,614	2,399,602	3,239,558	2,916,398	6,033,172	5,316,000
Unrestricted	25,900,808	14,330,381	31,289,386	30,266,728	57,190,194	44,597,109
Total Net Assets	<u>50,673,962</u>	<u>38,788,483</u>	<u>62,197,943</u>	<u>60,091,555</u>	<u>112,871,905</u>	<u>98,880,038</u>
Total liabilities and net assets	<u>\$ 96,411,418</u>	<u>\$ 83,038,188</u>	<u>\$ 87,871,520</u>	<u>\$ 87,381,130</u>	<u>\$184,282,938</u>	<u>\$170,419,318</u>

An additional portion of the city of Seguin's net assets (5.3%) is subject to external restrictions, including bond covenants, on how they must be used. The remaining balance of unrestricted net assets of \$57,190,194 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Seguin is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Changes in Net Assets.** The City's total government-wide revenues decreased slightly by \$51,502 or .1%. This was largely due to the fact in FY2011 the City received a reimbursement from a developer on a sewer line the City had installed in the amount of \$1,104,359 which we did not receive in FY2012. The City's total government-wide expenses increased by \$2,702,672 or 4.6%. This was largely attributable to the increase in salaries and benefits and the increase in wholesale power costs.

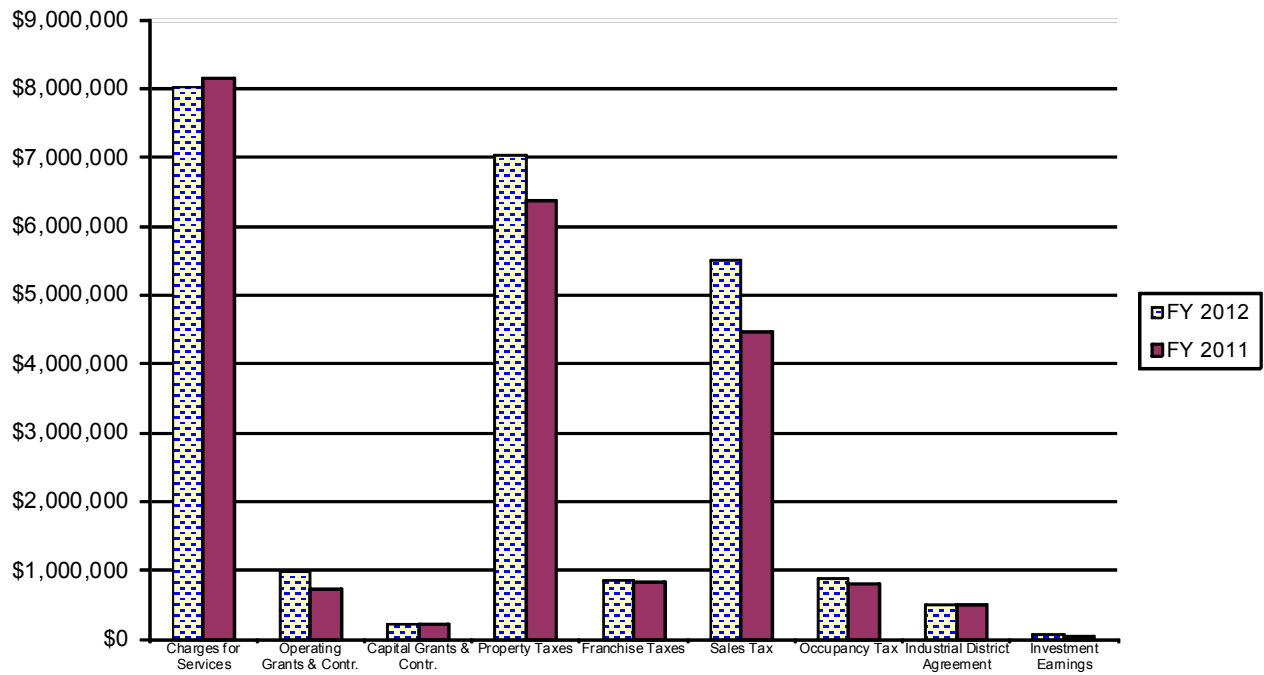
**Table A-2**  
Changes in City of Seguin's Net Assets

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2009-2008
Program Revenues:							
Charges for Services	\$ 8,021,755	\$ 8,154,454	\$ 41,463,853	\$ 43,211,099	\$ 49,485,608	\$ 51,365,553	-3.7%
Operating Grants and Contributions	985,512	719,700	-	-	985,512	719,700	36.9%
Capital Grants and Contributions	221,193	222,703	40,454	257,571	261,647	480,274	-45.5%
General Revenues							
Property Taxes	7,032,068	6,363,981	-	-	7,032,068	6,363,981	10.5%
Franchise Taxes	853,330	833,019	-	-	853,330	833,019	2.4%
Sales Tax	5,512,435	4,472,305	-	-	5,512,435	4,472,305	23.3%
Occupancy Tax	869,409	809,377	-	-	869,409	809,377	N/A
Industrial District Agreement	505,000	500,000	-	-	505,000	500,000	
Investment Earnings	63,548	35,855	67,211	37,921	130,759	73,776	77.2%
Gain (Loss) on Sale of Assets	-	-	(6,483)	62,802	(6,483)	62,802	-110.3%
Total Revenues:	<u>24,064,250</u>	<u>22,111,394</u>	<u>41,565,035</u>	<u>43,569,393</u>	<u>65,629,285</u>	<u>65,680,787</u>	<u>-0.1%</u>
Expenses:							
General Government	1,482,333	2,077,927	-	-	1,482,333	2,077,927	-28.7%
Public Safety	10,617,994	10,057,294	-	-	10,617,994	10,057,294	5.6%
Public Service	7,849,643	6,912,623	-	-	7,849,643	6,912,623	13.6%
Interest on Long-Term Debt	1,730,743	1,747,075	-	-	1,730,743	1,747,075	-0.9%
Utility	-	-	39,541,905	37,725,027	39,541,905	37,725,027	4.8%
Total Expenses	<u>21,680,713</u>	<u>20,794,919</u>	<u>39,541,905</u>	<u>37,725,027</u>	<u>61,222,618</u>	<u>58,519,946</u>	<u>4.6%</u>
Excess (Deficiency) Before Transfers In (Out)	2,383,537	1,316,475	2,023,130	5,844,366	4,406,667	7,160,841	-38.5%
Special Items and Transfers	(83,258)	804,934	83,258	(804,934)	-	-	
Increase (Decrease) in Net Assets	<u>9,585,200</u>	<u>3,000,000</u>	<u>-</u>	<u>7,000,000</u>	<u>9,585,200</u>	<u>10,000,000</u>	
	<u>\$ 11,885,479</u>	<u>\$ 5,121,409</u>	<u>\$ 2,106,388</u>	<u>\$ 12,039,432</u>	<u>\$ 13,991,867</u>	<u>\$ 17,160,841</u>	<u>-18.5%</u>

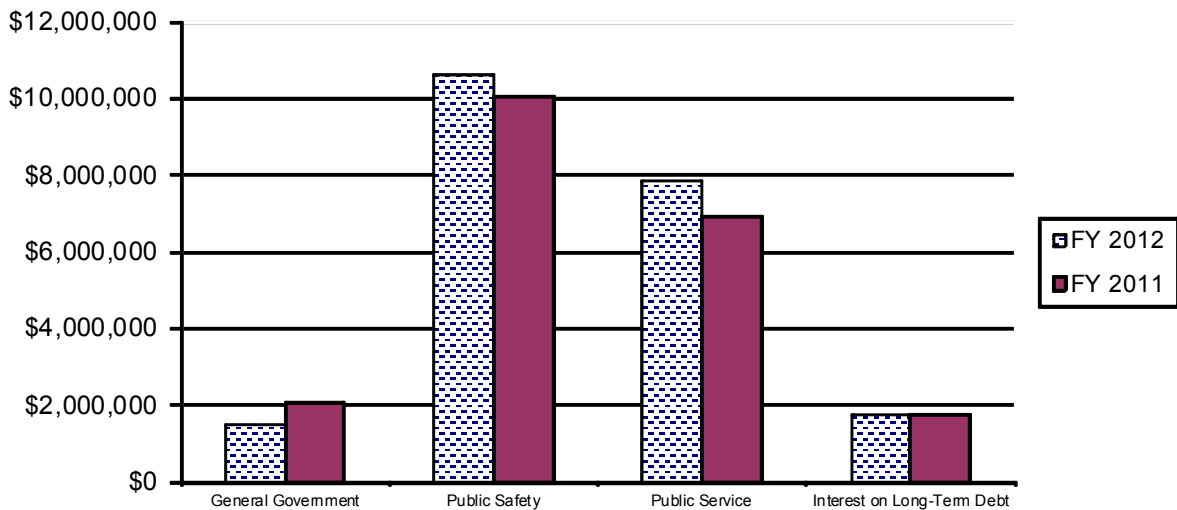
**Governmental activities.** The City's total governmental revenues increased by \$1,952,856 or 8.8% above last year. The City's total governmental expenses increased by \$885,794 or 4.3% above last year.

- An increase in property tax values, addition of annexed properties and new improvements, and an increase in general obligation bond payments, enabled an increase of tax revenue of \$668,087. Taxable values increased \$14.8 million or 1.1% above last year. General obligation bond payments increased by \$718,015 or 25.1%.
- Sales Tax revenue increased by \$1,040,130 or 23.3%. The oil and gas production industry in South Texas along with an increase in retail sales has provided the increase in sales tax.
- Building Permits increased by \$67,256 or 23.4%. This was due to increased construction activity.
- EMS Revenue increased by \$111,007 or 11.2% due to increased number of runs.
- Refuse Collection Fees increased by \$107,987 or 9.1% due to an increase in the refuse collection fees charged to customers. The increase in the fees was due to an increase from our solid waste contract provider. This increase is reflected in an increase in the expense of \$110,158 or 11%.
- The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$10,617,994. These expenses are offset by revenues collected from a variety of sources, with the largest being from fines and penalties in the amount of \$1,284,819. Additional funding also included EMS revenue in the amount of \$1,100,318 and Fire and EMS interlocal agreements with Guadalupe County in the amount of \$536,694. The major components of public safety are police and fire. Police accounted for \$5.3 million in public safety expense while Fire accounted for \$4.2 million in public safety expense.

## Revenues - Governmental Activities



## Expenses - Governmental Activities

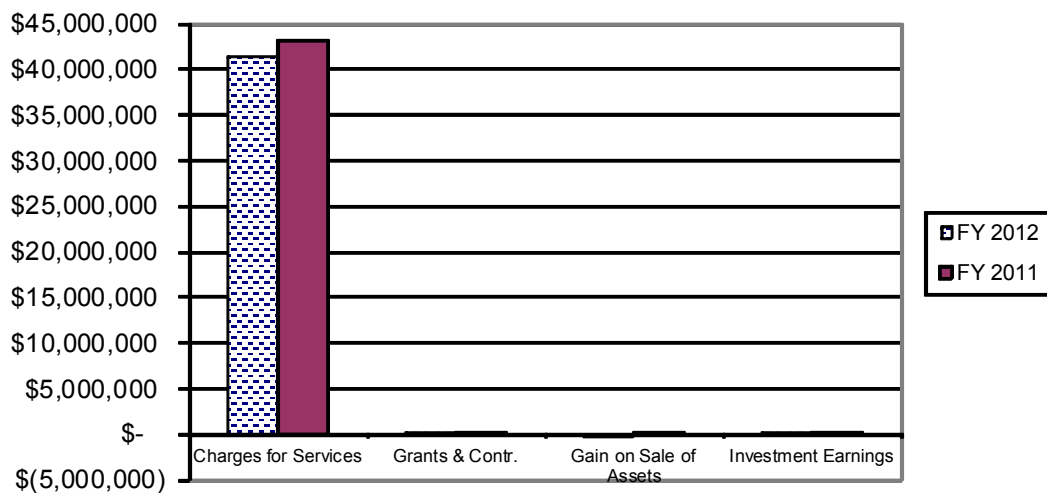


**Business-type activities.** The City's total business-type revenues decreased by \$2,004,358 or 4.6%. The City's total business-type expenses increased by \$1,816,878 or 4.8%.

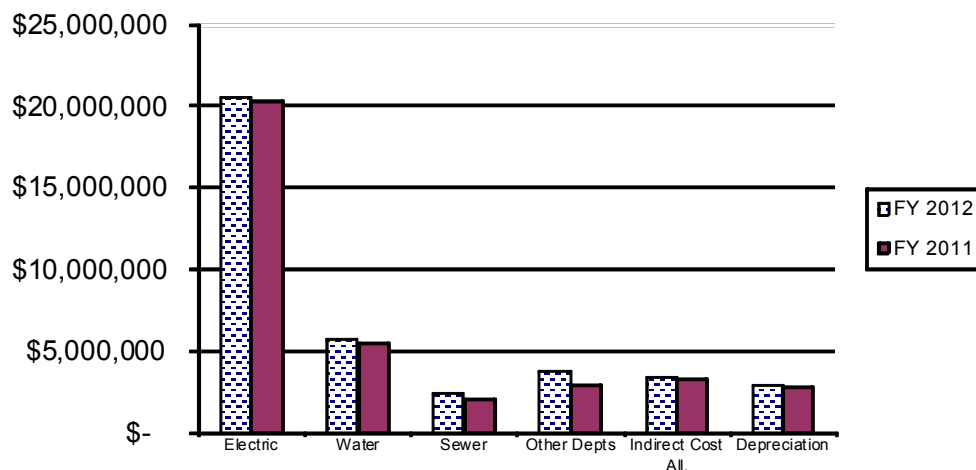
- Electric revenues make up \$26 million of the charges for services. This year electric revenues decreased by \$887,662. The decrease was due to a decrease in consumption. Wholesale power costs increased by \$876,592 or 4.9%. An increase in the power cost rates occurred in August of 2011. While we passed this increase on to our customers, the increase was not proportionately as large as the increase from our wholesale power provider.

- Water revenues make up \$8.5 million of the charges for services. This year water revenues increased by \$256,413 or 3.1%. This was a result of an increase in water rates. The wholesale water costs decreased slightly by \$24,853 or .7%. This was a result of a decrease in the debt service payments of the Schertz-Seguin Local Government Corporation, which in turn reduced the City of Seguin's contribution.
- Sewer revenues make up \$5.4 million of the charges for services. This year sewer revenues increased by \$296,487 or 5.9%. This was due to an increase in sewer rates.
- Miscellaneous Revenue decreased by \$1,412,484 or 46.4%. This was largely due to the fact in FY2011 the City received a reimbursement from a developer on a sewer line the City had installed in the amount of \$1,104,359 which we did not receive in FY2012.

## Business-Type Activities-Revenues



## Business-Type Activities-Expenses



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Seguin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Seguin's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$38,695,172. This is an increase of \$13,479,356. This is attributable largely in part due to the issuance of Certificates of Obligation Bonds in the amount of \$3,400,000 and the receipt of a tax exemption settlement agreement in the amount of \$9,585,200. Of this total amount, \$17,454,678 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balances is as follows: 1) nonspendable fund balance in the amount of \$88,956 which are prepaids and inventory, 2) restricted fund balance in the amount of \$16,748,457, which are restricted to tourism and economic development, public safety, public service, capital projects or debt service, 3) committed fund balance in the amount of \$2,219,875, which is committed to stabilization agreement and aquatic fees, and 4) assigned fund balance in the amount of \$2,183,206, which is assigned to capital projects.

The General Fund is the main operating fund of the City of Seguin. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,454,678, while total fund balance reached \$19,752,344. Of this amount \$9,585,200 is attributable the receipt of a tax exemption settlement agreement. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. With the \$9,585,200 taken out of the equation, unassigned fund balance represents 49.9% of general fund expenditures, while total fund balance represents 64.5% of that same amount.

The General Fund Capital Projects Fund has a total fund balance of \$1,981,367, an increase of \$127,259. This increase can be attributable to the fact that some project have been completed with a balance remaining.

At the end of FY12, four bond funds had a total fund balance of \$13,937,981. This was an increase of \$1,931,237. As mentioned earlier, Certificates of Obligation Bonds in the amount of \$3,400,000 were issued this fiscal year.

Other factors concerning the finances of governmental fund have already been addressed in the discussion of the City's governmental activities in the government-wide financial statements.

**Proprietary funds.** The City of Seguin's proprietary funds are utilized to account for operations of the City that are commercial in nature and accounted for in a manner more similar to private enterprise. The statements for proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Utility Fund at the end of the year amounted to \$31,289,386. The restricted net assets amounted to \$3,239,558, while net assets invested in capital assets amounted to \$27,668,999.

## GENERAL FUND BUDGETARY HIGHLIGHTS

For FY 2011-12, actual revenues on a budgetary basis were \$18,401,974 compared to the final budget of \$16,537,178, which is \$1,864,796 above budget. Sales tax revenue exceeded budget by \$1,048,914. Taxes



exceeded budget by \$169,249. This was due to higher property tax rates and increased values. Building Permits exceeded budget by \$138,082 due to an unanticipated increase in construction. EMS Revenue exceeded budget by \$100,318 due to an increase in the number of runs.

For FY 2011-12, actual expenditures on a budgetary basis were \$15,757,792 compared to the final budget of \$16,879,333, which was \$1,121,541 below final budget amounts. Some departments had employee turnover resulting in their personnel services being under budget and savings on other operating expenditures. Indirect cost allocation also exceeded budget by \$430,197.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of 2012, the City had invested \$94,025,647, net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents a net increase (including additions and deductions) of \$954,703 or 1%. The increase was due in part to large projects being completed during fiscal year 2012 and additional bond projects started due to the issuance of the 2011 Certificates of Obligation. More detailed information about the City's capital assets can be found in Note G, page 44.

**Table A-3**  
City of Seguin's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 3,988,077	\$ 3,946,860	\$ 727,026	\$ 657,789	\$ 4,715,103	\$ 4,604,649
Buildings and Improvements	20,681,283	20,216,015	22,453,122	22,414,304	43,134,405	42,630,319
Improvements Other than Buildings	49,731,539	46,662,072	52,214,503	51,426,291	101,946,042	98,088,363
Transportation and Equipment	11,282,640	10,313,049	5,972,070	5,421,470	17,254,710	15,734,519
Construction in Progress	1,218,243	3,253,984	8,403,769	5,796,903	9,622,012	9,050,887
Totals at Historical Cost	<u>86,901,782</u>	<u>84,391,980</u>	<u>89,770,490</u>	<u>85,716,757</u>	<u>176,672,272</u>	<u>170,108,737</u>
Total Accumulated Depreciation	<u>(35,859,638)</u>	<u>(33,105,201)</u>	<u>(46,786,987)</u>	<u>(43,932,592)</u>	<u>(82,646,625)</u>	<u>(77,037,793)</u>
Net Capital Assets	<u>\$ 51,042,144</u>	<u>\$ 51,286,779</u>	<u>\$ 42,983,503</u>	<u>\$ 41,784,165</u>	<u>\$ 94,025,647</u>	<u>\$ 93,070,944</u>

**Long-term debt.** At year-end, the City had \$64,284,675 in bonds, loans and capital leases outstanding as shown in Table A-4. This was an increase of \$630,266 or 1% from 2011. This fiscal year, the City issued Certificate of Obligation Bonds in the amount of \$3,400,000, but also refunded two revenue bonds and one general obligation bond. More detailed information about the City's debt is presented in Notes H and I, pages 46 – 49.

The City had its bond ratings upgraded this year. The tax supported debt ratings were upgraded by Fitch to AA with a stable outlook while Standard and Poor upgraded the rating to A+ with a positive outlook. The City's utility system revenue bonds' ratings were held by Fitch to A+ with a stable outlook while Standard and Poor held the rating to A- with a positive outlook. The current ratio of net tax-supported debt to assessed value of all taxable property is 4.6%. The pledged revenue coverage for the utility system revenue bonds is 3.1.

**Table A-4**  
City of Seguin's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Bonds Payable	\$ 27,469,337	\$ 28,475,000	\$ 21,640,663	\$ 22,600,000	\$ 49,110,000	\$ 51,075,000
Certificates of Obligation	13,910,000	10,760,000	-	-	13,910,000	10,760,000
Tax Anticipation Notes	930,000	1,280,000	-	-	930,000	1,280,000
State Infrastructure Loans	-	65,970	-	-	-	65,970
Capital Leases	211,860	329,118	122,815	144,321	334,675	473,439
Total Bonds & Notes Payable	<u>\$ 42,521,197</u>	<u>\$ 40,910,088</u>	<u>\$ 21,763,478</u>	<u>\$ 22,744,321</u>	<u>\$ 64,284,675</u>	<u>\$ 63,654,409</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

During the budget process for fiscal year 2012-13, City staff and City Council considered many factors when setting the budget. Staff reviewed all of the fees charged to citizens and customers when using City services. Along with the fees, staff also considered the tax rate. They also reviewed expenditures and how the increases may be held to a minimum. The City set a goal to maintain financial stability, a lean organization, a competitively paid staff and investment in capital outlay. This helped to maintain the City's services with the least affect possible on our citizens through taxes, fees, and utility rates. The projected revenues and expenditures for the General Fund are budgeted to increase by \$897,998 or 4.4% above the FY12 budget.

- Taxable values increased for 2013 by \$44,136,801, or 3.2%.
- Property tax revenue is budgeted to increase by \$19,548 or .3%.
- The property tax rate remained the same at \$.5073. This is up from the effective tax rate of \$.4593.
- Sales Tax Revenue is budgeted to increase by \$275,000 due the increase the City has seen in FY12.
- Miscellaneous Violations is budgeted to increase by \$100,000.
- ROW User Fees is budgeted to increase by \$89,152 due to an estimated increase in water and sewer revenues.
- Building Permits is budgeted to increase by \$42,000 due to the growth in the housing the City has been seeing.
- Salaries and benefits are budgeted to increase by \$958,556. This includes three new firefighter positions and two new police officer positions
- L&I Maintenance-Streets Maintenance is budgeted to increase by \$157,545 as a priority of City Council.
- Indigent Health Care is budgeted to increase by \$69,621.

The projected revenues and expenditures for the Utility Fund are budgeted to increase by \$782,989 or 2%.

- Water revenue is budgeted to increase by \$872,950 due to an anticipated increase in consumption.
- Sewer revenue is budgeted to increase by \$372,650 due to an anticipated increase in consumption.
- Salaries and Benefits are budgeted to increase by \$275,202. This includes a new position of Assistant Director of Utilities and an additional position of Journeyman/Lineworker in the Electric Distribution Department.
- ROW User Fees is budgeted to increase by \$89,152 due to an estimated increase in water and sewer revenues.
- Professional Services in the Utility Services Department is budgeted to increase by \$47,832 due to the professional services related to the wholesale power costs.
- Electric-Pump Station in the Water Plant is budgeted to increase by \$45,000 due to increased water consumption at our pump station at a local power plant.

Personnel expenses are increasing due to a 2% cost of living and merit increases. Two new police officer positions as well as three new firefighter positions have been funded in the General Fund. An Assistant Director of Utilities and a Journeyman/Lineworker has been funded in the Utility Fund.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the City of Seguin, 205 North River Street, Seguin, Texas 78155.



CITY OF SEGUIN, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2012

**BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary funds
  - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
Cash and Cash Equivalents	\$ 423,485	\$ 303,095	\$ 726,580	\$ 11,203
Investments	24,493,852	25,165,044	49,658,896	1,392,231
Receivables (net of allowances for uncollectibles)				
Taxes	1,878,918	-	1,878,918	-
Accounts	932,801	4,467,641	5,400,442	898
Grants	494,645	-	494,645	-
Miscellaneous	65,411	1,268,278	1,333,689	-
Due From Component Unit/ Primary Government	-	18,575	18,575	183,109
Inventories	17,037	1,569,302	1,586,339	-
Prepays	266,392	65,271	331,663	2,484
Restricted Assets:				
Cash and Cash Equivalents	98	8,075	8,173	-
Investments	14,092,884	10,224,252	24,317,136	-
Net Pension Asset	1,801,553	600,518	2,402,071	-
Deferred Charges	902,198	548,968	1,451,166	-
Notes Receivable	-	-	-	734,260
Net Present Value of Lease Financing	-	648,998	648,998	-
Capital Assets:				
Land	3,988,077	727,026	4,715,103	802,299
Buildings & Improvements	20,681,283	22,453,122	43,134,405	691,800
Improvements Other than Buildings/Infrastructure	49,731,539	52,214,503	101,946,042	-
Transportation & Equipment	11,282,640	5,972,070	17,254,710	-
Construction in Progress	1,218,243	8,403,769	9,622,012	-
Accumulated Depreciation	(35,859,638)	(46,786,987)	(82,646,625)	(30,792)
<b>TOTAL ASSETS</b>	<b>\$ 96,411,418</b>	<b>\$ 87,871,520</b>	<b>\$ 184,282,938</b>	<b>\$ 3,787,492</b>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF NET ASSETS (CONTINUED)  
SEPTEMBER 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
<b>LIABILITIES AND NET ASSETS</b>				
<i>Liabilities:</i>				
Accounts Payable and Other Current Liabilities	\$ 1,589,029	\$ 2,834,428	\$ 4,423,457	\$ 57,800
Deferred/Unearned Revenue	179,203	69,479	248,682	-
Accrued Interest Payable	141,672	-	141,672	-
Due to Component Unit/ Primary Government	183,109	-	183,109	18,575
Customer Deposits	-	555,913	555,913	800
<i>Payable from Restricted Assets:</i>				
Accrued Interest Payable	-	145,368	145,368	-
Current Portion of Long-Term Debt	-	948,090	948,090	-
<i>Noncurrent Liabilities:</i>				
Net Other Post Employment Benefit	62,819	23,234	86,053	-
Due within One Year	2,473,756	20,958	2,494,714	-
Due in more than One Year	41,107,868	21,076,107	62,183,975	-
<b>TOTAL LIABILITIES</b>	<u>45,737,456</u>	<u>25,673,577</u>	<u>71,411,033</u>	<u>77,175</u>
<i>Net Assets:</i>				
Invested in Capital Assets, net of related debt	21,979,540	27,668,999	49,648,539	1,463,307
Restricted for:				
Tourism & Economic Development	1,104,904	-	1,104,904	-
Public Safety	344,086	-	344,086	-
Public Service	275,336	-	275,336	-
Debt Service	1,069,288	2,236,280	3,305,568	-
Impact Fees	-	1,003,278	1,003,278	-
Unrestricted	25,900,808	31,289,386	57,190,194	2,247,010
<b>TOTAL NET ASSETS</b>	<u>50,673,962</u>	<u>62,197,943</u>	<u>112,871,905</u>	<u>3,710,317</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 96,411,418</u>	<u>\$ 87,871,520</u>	<u>\$ 184,282,938</u>	<u>\$ 3,787,492</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Functions and Programs	Expenses		Program Revenues		
	Direct	Indirect Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 4,912,530	\$ (3,430,197)	\$ 2,617,386	\$ 836,774	\$ 150,000
Public Safety	10,617,994	-	2,940,217	145,373	5,997
Public Service	7,849,643	-	2,464,152	3,365	65,196
Interest on Long-term Debt	1,730,743	-	-	-	-
Total Governmental Activities	<u>25,110,910</u>	<u>(3,430,197)</u>	<u>8,021,755</u>	<u>985,512</u>	<u>221,193</u>
<b>Business-Type Activities</b>					
Utility	36,111,708	3,430,197	41,463,853	-	40,454
Total Business-Type Activities	<u>36,111,708</u>	<u>3,430,197</u>	<u>41,463,853</u>	<u>-</u>	<u>40,454</u>
<b>Total Primary Government</b>	<u>\$ 61,222,618</u>	<u>\$ -</u>	<u>\$ 49,485,608</u>	<u>\$ 985,512</u>	<u>\$ 261,647</u>
<b>Component Unit:</b>					
Seguin Economic Development Corporation	\$ 1,214,758	\$ -	\$ 29,378	\$ -	\$ -
<b>Total Component Unit</b>	<u>\$ 1,214,758</u>	<u>\$ -</u>	<u>\$ 29,378</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Revenues:</b>					
Taxes					
General Property Taxes					
Franchise Taxes					
Sales Taxes					
Occupancy Taxes					
Industrial District Agreement Annual Payment					
Gain (Loss) on Sale of Capital Assets					
Interest and Investment Earnings					
<b>Total General Revenues</b>					
Special Items					
Transfers					
<b>Change in Net Assets</b>					
<b>Net Assets at Beginning of Year</b>					
<b>Net Assets at End of Year</b>					

See accompanying notes to basic financial statements.



Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
\$ 2,121,827	\$ -	\$ 2,121,827	\$ -
(7,526,407)	-	(7,526,407)	-
(5,316,930)	-	(5,316,930)	-
(1,730,743)	-	(1,730,743)	-
<u>(12,452,253)</u>	<u>-</u>	<u>(12,452,253)</u>	<u>-</u>
-	1,962,402	1,962,402	-
-	1,962,402	1,962,402	-
<u>(12,452,253)</u>	<u>1,962,402</u>	<u>(10,489,851)</u>	<u>-</u>
-	-	-	(1,185,380)
-	-	-	<u>(1,185,380)</u>
7,032,068	-	7,032,068	-
853,330	-	853,330	-
5,512,435	-	5,512,435	1,088,949
869,409	-	869,409	-
505,000	-	505,000	-
-	(6,483)	(6,483)	-
63,548	67,211	130,759	42,792
<u>14,835,790</u>	<u>60,728</u>	<u>14,896,518</u>	<u>1,131,741</u>
9,585,200	-	9,585,200	-
<u>(83,258)</u>	<u>83,258</u>	<u>-</u>	<u>-</u>
11,885,479	2,106,388	13,991,867	(53,639)
38,788,483	60,091,555	98,880,038	3,763,956
<u>\$ 50,673,962</u>	<u>\$ 62,197,943</u>	<u>\$ 112,871,905</u>	<u>\$ 3,710,317</u>

CITY OF SEGUIN, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012

<b>ASSETS</b>	General Fund	2010 Certificates of Obligation	Debt Service Fund
Cash and Cash Equivalents	\$ 305,439	\$ -	\$ 16,740
Investments	19,405,060	-	1,005,667
Receivables (net of allowances for uncollectibles):			
Taxes	1,511,651	-	189,948
Accounts	922,160	-	1,557
Grants	27,135	-	-
Miscellaneous	59,329	-	-
Due from Other Funds	140,015	-	-
Inventories	17,037	-	-
Prepaid Items	49,067	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	63	-
Investments	-	9,875,276	-
<b>TOTAL ASSETS</b>	<b><u>\$ 22,436,893</u></b>	<b><u>\$ 9,875,339</u></b>	<b><u>\$ 1,213,912</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ 645,173	\$ 40,627	\$ 2,952
Accrued Expenditures	543,241	-	-
Due to Component Unit	183,109	-	-
Deferred/Unearned Revenues	1,284,063	-	191,103
Due to Other Funds	-	-	-
Due to Others	28,963	-	-
<b>TOTAL LIABILITIES</b>	<b><u>2,684,549</u></b>	<b><u>40,627</u></b>	<b><u>194,055</u></b>
<i>Nonspendable:</i>			
Prepays and Inventory	66,104	-	-
<i>Restricted:</i>			
Tourism& Economic Development	-	-	-
Public Safety	-	-	-
Public Service	22,800	-	-
Capital Projects	-	9,834,712	-
Debt Service	-	-	1,019,857
<i>Committed:</i>			
Stabilization Arrangement	2,208,762	-	-
Aquatic Fees	-	-	-
<i>Assigned:</i>			
Capital Projects	-	-	-
<i>Unassigned</i>	<u>17,454,678</u>	<u>-</u>	<u>-</u>
<i>Total Fund Balances</i>	<u>19,752,344</u>	<u>9,834,712</u>	<u>1,019,857</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b><u>\$ 22,436,893</u></b>	<b><u>\$ 9,875,339</u></b>	<b><u>\$ 1,213,912</u></b>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 93,990	\$ 416,169
3,560,287	23,971,014
177,319	1,878,918
9,085	932,802
467,510	494,645
-	59,329
-	140,015
-	17,037
22,852	71,919
34	97
4,217,608	14,092,884
<u>\$ 8,548,685</u>	<u>\$ 42,074,829</u>

\$ 286,821	\$ 975,573
7,162	550,403
-	183,109
4,886	1,480,052
140,015	140,015
21,542	50,505
<u>460,426</u>	<u>3,379,657</u>

22,852	88,956
1,104,904	1,104,904
344,086	344,086
252,536	275,336
4,169,562	14,004,274
-	1,019,857
-	2,208,762
11,113	11,113
2,183,206	2,183,206
-	17,454,678
<u>8,088,259</u>	<u>38,695,172</u>
<u>\$ 8,548,685</u>	<u>\$ 42,074,829</u>



CITY OF SEGUIN, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 38,695,172
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		51,042,144
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Internal service funds are used by management to charge costs related to employee insurance. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		718,157
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

	1,801,553	
Net Pension Asset		
Deferred Revenues	1,300,854	3,102,407

Unamortized bond issue costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		902,198
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Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and, therefore, not reported in the funds:

	42,309,337	
General Bonded Debt		
Unamortized Premiums and Deferred Charges	171,842	
Capital Leases	211,861	
Net Other Post Employment Benefit Obligation	62,819	
Compensated Absences	888,585	(43,644,444)

Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.

	(141,672)
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TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		\$ 50,673,962
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CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	2010 Certificates of Obligation	Debt Service Fund
<b>REVENUES</b>			
Taxes	\$ 10,093,502	\$ -	\$ 3,277,983
Licenses and Permits	404,953	-	-
Intergovernmental	826,974	-	324,792
Charges for Services	5,082,251	-	48,162
Fines and Forfeits	1,308,301	-	-
Interest	25,291	21,212	2,971
Miscellaneous	660,702	-	-
<b>TOTAL REVENUES</b>	<u>18,401,974</u>	<u>21,212</u>	<u>3,653,908</u>
<b>EXPENDITURES</b>			
Current:			
General Government	2,258,135	-	-
Public Safety	9,946,852	-	-
Public Service	5,343,413	-	-
Nondepartmental	1,594,394	-	-
Indirect Cost Allocation (Recovery)	(3,430,197)	-	-
Capital Projects/Outlay	45,195	277,604	-
Debt Service:			
Principal	-	-	1,890,056
Interest and Fiscal Charges	-	-	1,678,374
Bond Issue Costs	-	-	17,393
<b>TOTAL EXPENDITURES</b>	<u>15,757,792</u>	<u>277,604</u>	<u>3,585,823</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,644,182</u>	<u>(256,392)</u>	<u>68,085</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	39,414	-	-
Transfers Out	(1,385,810)	-	-
Proceeds from Certificates of Obligation	-	-	-
Proceeds from Refunding Bonds	-	-	2,884,816
Premiums on Bonded Debt	-	-	97,564
Payments to Refunding Bond Escrow Agent	-	-	(2,975,988)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,346,396)</u>	<u>-</u>	<u>6,392</u>
Special Items	9,585,200	-	-
Net Change in Fund Balance	<u>10,882,986</u>	<u>(256,392)</u>	<u>74,477</u>
Fund Balances at Beginning of Year	8,869,358	10,091,104	945,380
Fund Balances at End of Year	<u>\$ 19,752,344</u>	<u>\$ 9,834,712</u>	<u>\$ 1,019,857</u>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 878,840	\$ 14,250,325
-	404,953
690,240	1,842,006
244,880	5,375,293
113,846	1,422,147
13,600	63,074
60,990	721,692
<u>2,002,396</u>	<u>24,079,490</u>

712,298	2,970,433
-	9,946,852
533,772	5,877,185
25,787	1,620,181
-	(3,430,197)
2,380,179	2,702,978

83,651	1,973,707
8,413	1,686,787
128,613	146,006
<u>3,872,713</u>	<u>23,493,932</u>

<u>(1,870,317)</u>	<u>585,558</u>
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1,225,510	1,264,924
(50,163)	(1,435,973)
3,400,000	3,400,000
-	2,884,816
73,255	170,819
-	(2,975,988)

<u>4,648,602</u>	<u>3,308,598</u>
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-	9,585,200
<u>2,778,285</u>	<u>13,479,356</u>

<u>5,309,974</u>	<u>25,215,816</u>
<u>\$ 8,088,259</u>	<u>\$ 38,695,172</u>





CITY OF SEGUIN, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 13,479,356

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current Year Additions	2,546,945	
Current Period Depreciation	<u>(2,791,580)</u>	(244,635)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net decrease in those revenues over the year. (80,989)

The issuance of long-term-debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these these amounts are deferred and amortized in the Statement of Activities:

Proceeds of New Debt	(6,455,635)	
Bond Issue Costs	146,006	
Principal Payments	1,973,707	
Payment to Refunding Bond Agent	2,975,988	
Amortization of Bond Costs & Premiums	<u>(60,909)</u>	(1,420,843)

The governmental funds report pension and other postemployment benefit contributions as expenditures when paid. However, in the statement of activities, differences between pension plan and other postemployment benefit contributions and costs for the year are reported as an asset or obligation. 256,206

Some expenses reported in the Statement of Activities (including compensated absences and accrued interest expense ) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (29,044)

Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net revenue/(loss) is reported with governmental activities. (74,572)

CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 11,885,479

CITY OF SEGUIN, TEXAS  
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS  
SEPTEMBER 30, 2012

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
<i>Cash and Cash Equivalents:</i>		
Restricted Cash	\$ 8,075	\$ -
Unrestricted Cash	303,095	7,315
<i>Investments:</i>		
Restricted Investments	10,224,252	-
Unrestricted Investments	25,165,044	522,837
Accounts Receivable (Net)	4,467,641	-
Miscellaneous Receivables	1,268,278	6,082
Due from Component Unit	18,575	-
Inventories	1,569,302	-
Prepaid Items	65,271	194,472
<i>Total Current Assets</i>	<u>43,089,533</u>	<u>730,706</u>
Net Pension Asset	600,518	-
Bond Issuance Costs (Net)	548,968	-
Net Present Value of Lease Financing	648,998	-
	<u>1,798,484</u>	<u>-</u>
<i>Capital Assets:</i>		
Land	727,026	-
Buildings and Improvements	22,453,122	-
Improvements Other than Buildings	52,214,503	-
Transportation & Equipment	5,972,070	-
Construction in Progress	8,403,769	-
Accumulated Depreciation	(46,786,987)	-
<i>Capital Assets, net</i>	<u>42,983,503</u>	<u>-</u>
<i>Total Noncurrent Assets</i>	<u>44,781,987</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 87,871,520</u></u>	<u><u>\$ 730,706</u></u>

*Continued*

CITY OF SEGUIN, TEXAS  
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (CONTINUED)  
SEPTEMBER 30, 2012

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 2,006,861	\$ 12,549
Accrued Wages & Benefits	827,567	-
Net Other Post Employment Benefit Obligation	23,234	-
Unearned Revenue	69,479	-
Customer Deposits	555,913	-
Capital Lease Payable - Current Portion	20,958	-
<i>Current Liabilities</i>	<u>3,504,012</u>	<u>12,549</u>
<i>Current Liabilities Payable from Restricted Assets:</i>		
Accrued Interest Payable	145,368	-
Current Portion of Long-term Bonds	948,090	-
<i>Current Liabilities Payable from Restricted Assets</i>	<u>1,093,458</u>	<u>-</u>
<i>Total Current Liabilities</i>	<u>4,597,470</u>	<u>12,549</u>
<i>Noncurrent Liabilities:</i>		
Capital Lease Payable	101,856	-
Compensated Absences	120,898	-
Revenue Bonds Payable	20,853,353	-
<i>Total Noncurrent Liabilities</i>	<u>21,076,107</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>25,673,577</u>	<u>12,549</u>
<i>Net Assets:</i>		
Invested in Capital Assets, net of related debt	27,668,999	-
Restricted for:		
Debt Service	2,236,280	-
Impact Fees	1,003,278	-
Unrestricted	31,289,386	718,157
<b>TOTAL NET ASSETS</b>	<u>62,197,943</u>	<u>718,157</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 87,871,520</u>	<u>\$ 730,706</u>

See accompanying notes to basic financial statements.



CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for Utility Service	\$ 39,834,092	\$ -
Charges for Premiums	-	2,573,873
Miscellaneous Revenues	1,629,761	361
<b>TOTAL OPERATING REVENUES</b>	<b>41,463,853</b>	<b>2,574,234</b>
<b>OPERATING EXPENSES</b>		
Administration	1,588,167	2,737,152
Operation and Maintenance:		
Electric Distribution	21,092,786	-
Utility Services	698,410	-
Water Production	4,917,659	-
Water/Sewer Maintenance	3,458,880	-
Sewer	1,901,363	-
Economic Development	292,650	-
Facilities Maintenance	463,326	-
Information Technology	157,592	-
City Attorney	117,222	-
Nondepartmental	478,796	-
Indirect Cost Allocation	3,430,197	-
<b>TOTAL OPERATING EXPENSES</b>	<b>38,597,048</b>	<b>2,737,152</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,866,805</b>	<b>(162,918)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	67,211	555
Gain (Loss) on Sale of Assets	(6,483)	-
Interest and Fiscal Charges	(944,857)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(884,129)</b>	<b>555</b>
<b>Net Income (Loss) Before Contributions and Transfers</b>	<b>1,982,676</b>	<b>(162,363)</b>
Capital Contributions	40,454	-
Transfers In	125,486	87,791
Transfers Out	(42,228)	-
	<b>123,712</b>	<b>87,791</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,106,388</b>	<b>(74,572)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>60,091,555</b>	<b>792,729</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 62,197,943</b>	<b>\$ 718,157</b>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Customers	\$ 43,068,134	\$ 2,574,442
Cash Paid for Employee Wages & Benefits	(5,306,133)	-
Cash Paid to Suppliers for Goods & Services	(27,673,865)	(2,926,510)
Cash Paid General Fund for Indirect Costs	(3,430,197)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>6,657,939</b>	<b>(352,068)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Transfers From Other Funds	125,486	87,791
Transfers (To) Other Funds	(42,228)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>83,258</b>	<b>87,791</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase/Construction of Capital Assets	(4,034,312)	-
Proceeds from Refunding Bonds	1,540,582	-
Payments to Refunding Escrow Agent	(1,537,280)	-
Principal Payments on Revenue Bonds	(904,521)	-
Interest and Fiscal Charges Paid	(930,583)	-
Bond Issue Costs	(8,984)	-
Principal Payments on Capital Leases	(21,506)	-
Advances (To) From Component Unit	(3,491)	-
Proceeds from Sale of Capital Assets	800	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(5,899,295)</b>	<b>-</b>
<b>Cash Flows From Investing Activities:</b>		
Sale/(Purchase) of Investment Securities	(770,676)	255,259
Investment Interest Received	67,211	555
Lease Financing - Principal Payments Received	33,148	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(670,317)</b>	<b>255,814</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>171,585</b>	<b>(8,463)</b>
<b>Cash and Equivalents at Beginning of Year:</b>		
Cash and Cash Equivalents	109,058	15,778
Restricted Cash and Cash Equivalents	30,527	-
	<b>139,585</b>	<b>15,778</b>
<b>Cash and Cash Equivalents at End of Year:</b>		
Cash and Cash Equivalents	303,095	7,315
Restricted Cash and Cash Equivalents	8,075	-
	<b>\$ 311,170</b>	<b>\$ 7,315</b>

*Continued*

CITY OF SEGUIN, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities <u>Utility Fund</u>	Governmental Activities <u>Internal Service Funds</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income	\$ 2,866,805	\$ (162,918)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:	2,868,144	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	1,788,736	208
Inventory/Prepaid Items	(113,019)	(194,472)
Net Pension Asset	(111,307)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(948,902)	5,114
Accrued Wages & Benefits	482,057	-
Net Other Postemployment Benefit Obligation	9,880	-
Unearned Revenue	(154,253)	-
Customer Deposits	(30,202)	-
	<u>3,791,134</u>	<u>(189,150)</u>
	<u>\$ 6,657,939</u>	<u>\$ (352,068)</u>
<b>Supplemental Schedule of Noncash Capital Activities</b>		
Developer Contribution of Capital Assets	<u>\$ 40,454</u>	<u>\$ -</u>
 Total Noncash Activities	 <u>\$ 40,454</u>	 <u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS  
SEPTEMBER 30, 2012

<b>ASSETS</b>	Private Purpose Trust Funds	Agency Fund
Cash and Cash Equivalents	\$ 1,678	\$ 9,676
Investments	463,643	-
Receivables	9,616	-
Inventory	359,431	-
	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 834,368</u></u>	<u><u>\$ 9,676</u></u>
 <b>LIABILITIES &amp; NET ASSETS</b>		
<i>Liabilities:</i>		
Accounts Payable/ Due to Others	<u>\$ -</u>	<u>\$ 9,676</u>
<i>Total Liabilities</i>	<u>-</u>	<u>9,676</u>
 <i>Net Assets:</i>		
Held in Trust for Scholarship	112,727	-
Held in Trust for Riverside Cemetery	89,854	-
Held in Trust for Industrial Development	631,787	-
<i>Total Net Assets</i>	<u>834,368</u>	<u>-</u>
 <b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 834,368</u></u>	<u><u>\$ 9,676</u></u>

See accompanying notes to basic financial statements.



CITY OF SEGUIN, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Private Purpose Trust Funds
<b>ADDITIONS</b>	
Interest	\$ 823
Private Source Donations	<u>1,000</u>
Total Additions	<u>1,823</u>
<b>DEDUCTIONS</b>	
Distributions to Participants	<u>15,310</u>
Total Deductions	<u>15,310</u>
<b>Change in Net Assets</b>	(13,487)
<b>Net Assets Held in Trust, Beginning of Year</b>	<u>847,855</u>
<b>Net Assets Held in Trust, End of Year</b>	<u><u>\$ 834,368</u></u>



CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Seguin, Texas ("City") was incorporated in 1853. The City Charter was adopted on December 7, 1971, under the provisions of the Home Rule Charter Act of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, general administrative services, electric, water, and wastewater services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below:

**1. REPORTING ENTITY**

*Component Units*

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The Seguin Economic Development Corporation, a nonprofit corporation, was incorporated under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6, Section 4A. The Corporation is organized exclusively for public purposes of the City of Seguin, and the City Council appoints directors of the Corporation. It receives all proceeds from the 0.25% sales tax adopted in 1994 for economic development in Seguin. The corporation meets the criteria of a discretely presented component unit, described above, and is presented in the government-wide financial statements. Complete financial statements for the Seguin Economic Development Corporation may be obtained at City Hall.

*Joint Ventures*

A joint venture is a legally separate entity that results from a contractual arrangement and that is owned, operated, or governed by two or more participating governments. The following entities meet the criteria as joint ventures:

The Guadalupe Regional Medical Center is a joint venture between the City of Seguin and Guadalupe County. Each participating government appoints one-half of the board of directors and approves annual budgets. In addition, the participating governments are financially responsible for indigent health care provided by the hospital, and are contingently liable for hospital debts. Separate financial statements of the Guadalupe Regional Medical Center may be obtained by contacting the hospital administrator.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

1. REPORTING ENTITY (Continued)

*Joint Ventures (Continued)*

The Schertz/Seguin Local Government Corporation is a public, nonprofit corporation organized to aid, assist, and act on behalf of the cities of Schertz and Seguin in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Separate financial statements for the Schertz/Seguin Local Government Corporation may be obtained at City Hall.

Cibolo Valley Local Government Corporation (CVLGC) is a public, nonprofit corporation organized July 28, 2011 to aid, assist, and act on behalf of the cities of Cibolo, Converse, Schertz, Seguin and Selma in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Financial statements have not been issued for the Corporation as it is in the organizational stage as of the date of this report. See also Note Q.

Summarized financial data for joint ventures has been provided in Note M.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the City and its component unit (except for City fiduciary activity). The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The primary government is reported separately from the component unit within the government-wide statements.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, 2010 Certificates of Obligation (Capital Projects) Fund and the Debt Service Fund meet criteria as **major governmental funds**. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Capital

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Projects Funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented in the Combining Fund Statements and Schedules as "Supplementary Information".

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes and grants not restricted to specific programs and investment earnings.

**Governmental fund level financial statements** are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

**The General Fund** is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition. Nondepartmental expenses include insurance costs, professional services and miscellaneous costs that do not benefit any one department, as well as contributions to local charitable organizations and the Guadalupe Regional Medical Center.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

**2010 Certificates of Obligation Fund** is used to account for funds received from the 2010 Certificates of Obligation to finance major improvements to certain city infrastructure.

**Debt Service Fund** accounts for ad valorem tax, additional golf fees to support debt, and contributions from the component unit to support city bonded debt.

Nonmajor funds include Special Revenue Funds (other than major projects and grants) and Capital Projects Funds.

**Proprietary fund level financial statements** are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Utility Fund (used to account for the provision of electric, water and sewer services to residents) and the Internal Service Funds used to account for the City's group medical insurance program and workers compensation benefits.

Revenues are derived from charges for services for utilities, city contributions, employee and retiree/cobra premiums, and investment of idle funds. Expenses are charges incurred for operating, purchases of electricity and water, premiums and administrative expenses for insurance.

The **Proprietary Funds** are accounted for using the accrual basis of accounting as follows:

Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

**Fiduciary fund level financial statements** include fiduciary funds which are classified into private purpose trust and agency funds. Fiduciary fund reporting focuses on net assets and changes in net assets. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. INVESTMENTS**

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAm (or equivalent) rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost (see Note B).

**6. ACCOUNTS RECEIVABLE**

Property taxes are levied based on taxable value at January 1 and become due October 1, 2011 and past due after January 31, 2012. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible in the amount of \$27,616.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

**8. INVENTORIES & PREPAID ITEMS**

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of repair and replacement parts for the utility system are valued at cost, which approximates market, using the moving average cost method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent “available spendable resources.”

**9. RESTRICTED ASSETS**

Certain proceeds of General Obligation Bonds, Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Funds are segregated to report those proceeds of revenue bond issuances that are restricted for use in construction. Funds are also segregated to provide for debt service as provided under bond indenture agreements.

**10. NET PENSION ASSET**

The net pension asset represents the cumulative difference between annual pension cost and the City’s contribution to the plan, calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension asset is reported as a non-current asset in the government-wide financial statements. The City is making additional contributions to the plan above the annual required contributions in order to “buy-down” unfunded actuarially accrued liabilities (See Note J).

**11. CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges.



CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**11. CAPITAL ASSETS (Continued)**

Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings and improvements	20 to 40 years
Improvements other than buildings	20 to 40 years
Utility system in service	20 to 67 years
Machinery and equipment	5 to 15 years

**12. COMPENSATED ABSENCES**

The City permits employees to accumulate earned but unused vacation pay benefits up to the amount earned in two years. Upon resignation, an employee may receive pay for any unused accrued vacation provided the employee gives two weeks written notice of the resignation and is not subject to discharge for misconduct. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave. No liability is reported for unpaid accumulated sick leave. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

**13. DEFERRED/UNEARNED REVENUE**

Property tax revenues and municipal court fines on-time payments are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues and municipal court on-time payments not expected to be available for the current period are reflected as deferred revenue.

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**14. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net assets. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**15. FUND EQUITY**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the city council – the government's highest level of decision making authority. The City Council is the highest level of decision-making authority for the city that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (by adoption of another ordinance) to remove or revise the limitation.

The City Council adopted an ordinance in March 2012 establishing an *emergency fund stabilization arrangement*. The Ordinance requires additions to the fund in the event the fund balance falls below \$2,000,000. Additions are to come from interest earnings, direct transfers from the General Fund and/or Utility Fund, or reimbursements from insurance or grants for expenditures incurred by the fund. The stabilization fund may be expended on recovery efforts for public infrastructure damage that occurs as a result of a disaster declared by the City or the State.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**15. FUND EQUITY (Continued)**

Assigned fund balance. This classification reflects the amounts constrained by the city's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council has not granted authority to management for assigning fund balances. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

The City Council has set a General Fund minimum fund balance target at three months of expenditures and recurring transfers. No other fund balance policies exist.

**16. NET ASSETS**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**17. INTERFUND TRANSACTIONS**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Utility (Proprietary) Fund an indirect cost percentage of general government administration expenses that are paid through the General Fund. During the year ended September 30, 2012, the City allocated \$3,430,197 as a transfer for such services. The indirect cost allocation is reflected as an operating expense in the Utility Fund, and a reduction of current expenditures in the General Fund, and in a separate column in the Statement of Activities.

**18. OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for electric, water, and sewer services and premiums for employee insurances. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**19. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**20. COMPARATIVE DATA/RECLASSIFICATIONS**

Comparative data for the prior year has been provided for the General Fund and Utility Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds.

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation. The reclassifications had no effect on the changes in financial position.

**NOTE B -- DEPOSITS AND INVESTMENTS**

As of September 30, 2012, the City of Seguin had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
<i>Primary Government</i>		
Local Government Investment Pools:		
TexPool	\$ 18,996,736	0.03
LOGIC	55,442,939	0.11
	<u>\$ 74,439,675</u>	
Portfolio Weighted Average Maturity		0.14
<i>Component Unit</i>		
Local Government Investment Pools:		
TexPool	\$ 470,728	0.04
LOGIC	921,503	0.11
	<u>\$ 1,392,231</u>	
Portfolio Weighted Average Maturity		0.13

*Investment Rate Risk.* The City and component unit manage exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

*Credit Risk.* The City's investment policy limits investments to obligations of the United States (up to 95% of total invested funds) or its agencies and instrumentalities (maximum 80% of funds); direct obligations of the State of Texas; obligations of states, agencies, contracts, cities, and other political subdivisions rated as to investment quality of not less than AAA by a nationally recognized investment firm. The U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE B -- DEPOSITS AND INVESTMENTS (Continued)**

The City may also invest funds in government investment pools provided the pool maintains a AAA rating, the pool maintains a stable asset value, and the average dollar weighted maturity does not exceed 90 days. As of September 30, 2012, the investments in TexPool and LOGIC were rated AAAM by Standard & Poor's.

*Custodial Credit Risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2012, the government's deposits were fully insured by FDIC.

The Component Unit had deposits that were fully insured by FDIC.

*Custodial Credit Risk - Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2012, the City and Component Unit were not exposed to custodial credit risk.

**NOTE C -- PROPERTY TAX CALENDAR**

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Guadalupe County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2011, upon which the fiscal 2012 levy was based, was \$1,388,352,916 (i.e., market value less exemptions). The estimated market value was \$1,917,537,664 making the taxable value 72% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2012, was \$0.5073 per \$100 of assessed value, which means that the City has a tax margin of \$1.9927 for each \$100 value and could increase its annual tax levy by approximately \$27,665,709 based upon the present assessed valuation of \$1,388,352,916 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's effective tax rate.

Property taxes are recorded as receivables and deferred revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE D -- INTERFUND RECEIVABLE/PAYABLE**

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2012, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
<b>Primary Government</b>		
General Fund		
Nonmajor Capital Projects Fund	\$ 140,015	\$ -
	<u>140,015</u>	<u>-</u>
Nonmajor Capital Projects Fund		
General Fund	-	140,015
	<u>-</u>	<u>140,015</u>
Totals	<u>\$ 140,015</u>	<u>\$ 140,015</u>
<b>Component Unit</b>		
Primary Government		
General Fund	-	\$ 183,109
Enterprise Fund	18,575	-
	<u>18,575</u>	<u>183,109</u>
Component Unit		
General Fund	183,109	-
Enterprise Fund	-	18,575
	<u>183,109</u>	<u>18,575</u>
Totals	<u>\$ 201,684</u>	<u>\$ 201,684</u>

**NOTE E -- NOTES RECEIVABLE (COMPONENT UNIT)**

The SEDC (Component Unit) provides incentives in the form of grants and notes receivable to area businesses in conjunction with its function of generating economic development. Various notes receivable were outstanding as of September 30, 2012 with interest rates ranging from 3.0% to 5.5% and mature from 2023 through 2026. Future payments on the notes are as follows:

Fiscal Year	Principal	Interest	Total
2013	\$ 48,962	\$ 37,847	\$ 86,809
2014	51,213	35,196	86,409
2015	54,011	32,398	86,409
2016	56,961	29,448	86,409
2017	60,076	26,333	86,409
Thereafter	463,037	83,819	546,856
	<u>\$ 734,260</u>	<u>\$ 245,041</u>	<u>\$ 979,301</u>

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE F -- NET PRESENT VALUE OF LEASE FINANCING**

The City has leased property located at 2460 Crossroads Blvd., consisting of a 49,120 square foot building and improvements, to Pure and Gentle Soap Products, Inc. under a sales-type lease agreement. The lease is for an original term of twenty (20) years and transfers property to the lessee for \$1 at the end of the lease term (2026), or earlier by paying the remaining base rental payments under the lease, discounted at 5.75%.

The agreement calls for the lessee to operate a business within the premises in order to generate sales tax revenue, property tax and utility revenue. Failure to continue the business would be considered a breach of the contract.

Future minimum lease payments under the lease are as follows:

<u>September 30,</u>	
2013	\$ 67,951
2014	67,951
2015	67,951
2016	67,951
2017	67,951
Thereafter	<u>786,931</u>
Total Payments	1,126,686
Less: Amount Representing Interest	<u>(477,688)</u>
Net Present Value of Lease Financing	<u><u>\$ 648,998</u></u>

**NOTE G -- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2012, was as follows:

	Balance 10/1/2011	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2012
<i>Governmental Activities</i>					
Land	\$ 3,946,860	\$ 41,217	\$ -	\$ -	\$ 3,988,077
Construction in Progress	3,253,984	811,725	-	(2,847,466)	1,218,243
Total Assets Not Depreciated	<u>7,200,844</u>	<u>852,942</u>	<u>-</u>	<u>(2,847,466)</u>	<u>5,206,320</u>
Buildings and Improvements	20,216,015	465,268	-	-	20,681,283
Improvements Other Than Buildings	46,662,072	230,549	(8,548)	2,847,466	49,731,539
Transportation and Equipment	<u>10,313,049</u>	<u>998,186</u>	<u>(28,595)</u>	<u>-</u>	<u>11,282,640</u>
Totals at Historical Cost	<u>84,391,980</u>	<u>2,546,945</u>	<u>(37,143)</u>	<u>-</u>	<u>86,901,782</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(5,755,372)	(375,575)	-	-	(6,130,947)
Improvement Other Than Buildings	(20,663,984)	(1,687,927)	8,548	-	(22,343,363)
Transportation and Equipment	<u>(6,685,845)</u>	<u>(728,078)</u>	<u>28,595</u>	<u>-</u>	<u>(7,385,328)</u>
	<u>(33,105,201)</u>	<u>(2,791,580)</u>	<u>37,143</u>	<u>-</u>	<u>(35,859,638)</u>
Governmental Capital Assets, Net	<u><u>\$ 51,286,779</u></u>	<u><u>\$ (244,635)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 51,042,144</u></u>

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE G -- CAPITAL ASSETS**

<u>Business-Type Activities</u>	Balance 10/1/2011	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2012
Land	\$ 657,789	\$ 69,237	\$ -	\$ -	\$ 727,026
Construction in Progress	5,796,903	2,858,623		(251,757)	8,403,769
Total Assets Not Depreciated	6,454,692	2,927,860	-	(251,757)	9,130,795
Buildings and Improvements	22,414,304	47,366	(8,548)	-	22,453,122
Utility System	51,426,291	536,455	-	251,757	52,214,503
Transportation and Equipment	5,421,470	563,085	(12,485)	-	5,972,070
Totals at Historical Cost	85,716,757	4,074,766	(21,033)	-	89,770,490
Less Accumulated Depreciation:					
Buildings and Improvements	(16,191,515)	(641,977)	8,548	-	(16,824,944)
Improvement Other Than Buildings	(24,158,157)	(1,924,957)	-	-	(26,083,114)
Transportation and Equipment	(3,582,920)	(301,210)	5,201	-	(3,878,929)
	(43,932,592)	(2,868,144)	13,749	-	(46,786,987)
Business-Type Capital Assets, Net	<u>\$ 41,784,165</u>	<u>\$ 1,206,622</u>	<u>\$ (7,284)</u>	<u>\$ -</u>	<u>\$ 42,983,503</u>
<u>Discretely Presented Component Unit</u>					
Land	\$ 865,494	\$ -	\$ (63,195)	\$ -	\$ 802,299
Buildings and Improvements	691,800	-	-	-	691,800
Accumulated Depreciation	(27,292)	(3,500)	-	-	(30,792)
	<u>\$ 1,533,502</u>	<u>\$ (3,500)</u>	<u>\$ (63,195)</u>	<u>\$ -</u>	<u>\$ 1,463,307</u>

*Primary Government*

Depreciation Expense was charged to the governmental functions as follows:

<i>Governmental Activities:</i>	
General Government	\$ 11,991
Public Safety	708,535
Public Service	1,739,204
Nondepartmental	331,850
Total Governmental Activities	<u>\$ 2,791,580</u>
<i>Business-Type Activities:</i>	
Administration	\$ 7,771
Electric	519,977
Water Production	349,732
Water Distribution	1,277,299
Sewer Plant	663,124
Other	50,241
Total Business-Type Activities	<u>\$ 2,868,144</u>



CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE H -- CAPITAL LEASES**

The City has entered into a lease agreement to finance the acquisition of fifty (50) golf carts, a mower, and a document folder/insertor. The City has also financed the acquisition of the Springs Hill Wastewater Collection System through its Utility Fund, with a down payment of \$95,000. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<i>Assets:</i>	Governmental Activities	Business-Type Activities
Mowers	\$ 31,477	\$ -
Sweeper & Patching Truck	312,307	-
Wastewater Collection System	-	425,000
Office Equipment	3,526	17,467
Less: Accumulated Depreciation	(53,834)	(170,604)
Total	<u>\$ 293,476</u>	<u>\$ 271,863</u>

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2012 were as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2013	\$ 100,919	\$ 28,309
2014	92,064	25,000
2015	27,365	25,000
2016	-	30,000
2017	-	30,000
Thereafter	<u>-</u>	<u>70,000</u>
Total Payments	220,348	208,309
Less: Amount Representing Interest	(8,488)	(85,494)
Present Value of Minimum Lease Payments	<u>\$ 211,860</u>	<u>\$ 122,815</u>

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE I -- LONG-TERM DEBT**

**Primary Government**

Bonded debt and obligations payable at September 30, 2012, comprise the following individual issues:

*General Obligation Bonds:*

\$6,500,000 2004 General Obligation Bonds due in annual installments of \$195,000 to \$495,000 through September 1, 2024; interest at 3.0% to 5.0%	\$ 4,625,000
\$5,500,000 2005 General Obligation Bonds due in annual installments of \$200,000 to \$385,000 through September 1, 2025; interest at 3.75% to 4.25%	3,995,000
\$3,250,000 2006 General Obligation Bonds due in annual installments of \$110,000 to \$230,000 through September 1, 2026; interest at 4.0% to 4.4%	2,520,000
\$6,000,000 2007 General Obligation Bonds due in annual installments of \$60,000 to \$1,185,000 through September 1, 2026; interest at 4.0% - 5.0%	5,525,000
\$8,105,000 2008 General Obligation Bonds due in annual installments of \$35,000 to \$1,995,000 through September 1, 2028; interest at 3.5% - 5.0%	7,995,000
\$2,884,816 2011 General Obligation Bonds due in annual installments of \$265,000 to \$550,000 through September 1, 2021; interest at 2.0% - 3.0%	2,809,337
<i>Total General Obligation Bonds</i>	<u>27,469,337</u>

*Certificates of Obligation:*

\$10,760,000 2010 Certificates of Obligation due in annual installments of \$70,000 to \$2,650,000 through September 1, 2031; interest at 2.0% to 4.25%	10,690,000
\$3,400,000 2011 Certificates of Obligation due in annual installments of \$100,000 to \$290,000 through September 1, 2031; interest at 2.0%-3.5%	3,220,000
<i>Total Certificates of Obligation Bonds</i>	<u>13,910,000</u>

*Tax Anticipation Notes :*

\$1,000,000 2008 Tax Notes payable in annual installments of \$75,000 to \$205,000 through 2014; interest at 3.038%	400,000
\$1,000,000 2009 Tax Notes payable in annual installments of \$150,000 to \$185,000 through 2015; interest at 2% - 4%	530,000
<i>Total Tax Anticipation Notes</i>	<u>930,000</u>

<b>Total Governmental Bonded Debt</b>	<u><u>\$ 42,309,337</u></u>
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CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE I -- LONG-TERM DEBT (Continued)**

**Primary Government (Continued)**

*Utility Fund Revenue Bonds:*

\$6,500,000 Utility System Revenue, Series 2003, due in annual installments of \$160,000 to \$715,000 through February 2023; interest at 3.0% to 4.85%	\$ 4,950,000
\$5,500,000 Utility System Revenue, Series 2006, due in annual installments of \$130,000 to \$400,000 through February 1, 2026; interest at 4.0% to 4.375%	4,330,000
\$3,980,000 Utility System Revenue, Series 2008, due in annual installments of \$165,000 to \$730,000 through February 1, 2024; interest at 3.5% to 5.0%	3,295,000
\$7,835,000 Utility System Revenue, Series 2010, due in annual installments of \$70,000 to \$1,040,000 through February 1, 2031; interest at 2.0% to 4.0%	<u>7,765,000</u>
<i>Total Utility Revenue Bonds</i>	<u>20,340,000</u>

*General Obligation Bonds - Utility Portion*

\$1,490,184 2011 General Obligation Refunding Bonds due in annual installments of \$265,000 to \$550,000 through September 1, 2021, Interest at 2.0% - 3.0%	<u>1,300,663</u>
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<b>Total Business-type Bonded Debt</b>	<b><u>\$ 21,640,663</u></b>
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The City is required by the revenue bond ordinances to establish certain accounts to maintain and operate the Utility System and to provide for the payment of bond principal and interest. Included in these requirements is maintenance of a "Reserve Fund" for the payment of bond principal and interest when other required accounts are insufficient for that purpose. The Reserve Fund is to contain, at a minimum, an amount equal to \$1,596,317. The Reserve Fund had \$1,626,743 in net assets as of September 30, 2012 and therefore, met the minimum requirement. The City is in compliance with other significant requirements. The assets of these restricted accounts are classified in the balance sheet as restricted assets.

The annual requirements to amortize all bonded debt and obligations outstanding as of September 30, 2012, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 1,876,910	\$ 1,700,066	\$ 948,090	\$ 876,853
2014	1,937,286	1,641,156	987,714	844,366
2015	1,977,881	1,578,944	1,022,119	810,018
2016	1,863,230	1,514,310	1,061,771	773,725
2017	1,923,741	1,452,257	1,096,258	735,382
2018-2022	10,000,289	6,233,533	6,309,711	2,891,399
2023-2027	11,935,000	3,997,791	6,025,000	1,422,027
2028-2031	10,795,000	1,148,875	4,190,000	335,600
	<u>\$ 42,309,337</u>	<u>\$ 19,266,932</u>	<u>\$ 21,640,663</u>	<u>\$ 8,689,370</u>

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE I -- LONG-TERM DEBT (Continued)**

**Changes in Long-Term Liabilities**

	Balance 10/1/2011	Additions	Reductions	Balance 9/30/2012	Due Within One Year
<i><u>Governmental Activities</u></i>					
General Obligation Bonds	\$ 28,475,000	\$ 2,884,816	\$ (3,890,479)	\$ 27,469,337	\$ 1,201,910
Bond Premiums	314,283	170,819	(33,024)	452,078	-
Deferred Loss on Refunding	-	(311,373)	31,137	(280,236)	-
Certificates of Obligation	10,760,000	3,400,000	(250,000)	13,910,000	310,000
Tax Anticipation Notes	1,280,000	-	(350,000)	930,000	365,000
State Infrastructure Loans	65,970	-	(65,970)	-	-
Capital Leases	329,118	-	(117,258)	211,860	95,266
Compensated Absences	842,588	502,996	(456,999)	888,585	501,580
<i>Total Governmental Activities</i>	<u>42,066,959</u>	<u>6,647,258</u>	<u>(5,132,593)</u>	<u>43,581,624</u>	<u>2,473,756</u>
<i><u>Business-Type Activities</u></i>					
Revenue Bonds	22,600,000	-	(2,260,000)	20,340,000	740,000
General Obligation Refunding Bonds	-	1,490,184	(189,521)	1,300,663	208,090
Bond Premiums	142,862	50,398	(17,818)	175,442	-
Deferred Loss on Refunding	-	(16,754)	2,094	(14,660)	-
Capital Leases	144,321	-	(21,506)	122,815	20,958
Compensated Absences	265,518	147,986	(143,998)	269,506	148,609
<i>Total Business-Type Activities</i>	<u>23,152,701</u>	<u>1,671,814</u>	<u>(2,630,749)</u>	<u>22,193,766</u>	<u>1,117,657</u>
 Total Primary Government	 <u>\$ 65,219,660</u>	 <u>\$ 8,319,072</u>	 <u>\$ (7,763,342)</u>	 <u>\$ 65,775,390</u>	 <u>\$ 3,591,413</u>

Compensated absences for governmental activities are generally liquidated by the general fund.

*Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2011*, were issued in December 2011 in the amount of \$3,400,000. The certificates were issued to fund improvements to streets and drainage, an elevated storage tank and a new fire truck. The certificates mature serially through 2031.

*General Obligation Refunding Bonds, Series 2011*, were issued November 2011 in the amount of \$4,375,000 to advance refund 1) Utility System Revenue Bonds, Series 1997 in the amount of \$645,000; 2) Utility System Revenue Bonds, Series 2000 in the amount of \$900,000; and 3) General Obligation Bonds, Series 2002, in the amount of \$2,700,000. The net proceeds of \$4,513,268 (including premiums of \$147,961 and after payment of underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 1997 and 2000 Utility System Revenue Bonds, and the 2002 General Obligation Bonds are considered defeased and the liability for those bonds has been removed from the statement of net assets.

The reacquisition price exceeded the net carrying amount of the old debt by \$328,127 (\$311,373 on the 2002 General Obligation Bonds and \$16,754 on the 1997 and 2002 Utility System Revenue Bonds). This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City advance refunded the debt to reduce its total debt service payments over ten years by \$389,792 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$380,919.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE I -- LONG-TERM DEBT (Continued)**

**Conduit Debt Obligations**

In 1995 the City entered into an agreement with the Texas Department of Housing and Community Affairs (TDHCA) to construct a building on land owned by the City for the purpose of leasing the building to Techni-Quip, Inc., a California manufacturing corporation. Under the agreement, TDHCA provided funding in the form of loans and grants. Repayment of the loan is solely dependent on lease payments from the manufacturing corporation and does not constitute a debt or pledge of the faith and credit of the City.

Accordingly, the loan has not been reported in the accompanying financial statements. At September 30, 2012, outstanding conduit debt from this issue was \$74,750.

The City of Seguin has also created a nonprofit education facilities corporation, *The City of Seguin Higher Education Facilities Corporation*, pursuant to Section 53.35 (b) of the Higher Education Authority Act. In March 2004, the Corporation issued the *City of Seguin Higher Education Facilities Corporation Higher Education Revenue and Refunding Bond* (Texas Lutheran University Project), Series 2004, in the aggregate principal amount of \$13,000,000. The bonds are backed solely by the revenues derived from the University pursuant to the provisions of the Bond Resolution and Loan Agreement between the Corporation and Texas Lutheran University. The City has no obligation associated with the bonds. As of September 30, 2012, the total outstanding debt from this issue was \$11,645,000.

**NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS**

Texas Municipal Retirement System

**Plan Description**

The City provides pension benefits for all of its eligible employees through a nontraditional joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling (800) 924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

Texas Municipal Retirement System (Continued)

**Plan Description (Continued)**

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>
Employee deposit rate	6.0%	7.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100%, Transfers	100%, Transfers
Annuity Increase (to retirees)	70% of CPI	70% of CPI

**Contributions**

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation (asset) are as follows:

1. Annual Required Contribution (ARC)	\$ 1,274,532
2. Interest on Net Pension Obligation	(140,549)
3. Adjustment to the ARC	220,710
4. Annual Pension Cost (APC)	<u>1,354,693</u>
5. Contributions Made	<u>(1,748,920)</u>
6. Increase (Decrease) in Net Pension Obligation	(394,227)
7. Net Pension Obligation (Asset), Beginning of Year	<u>(2,007,844)</u>
8. Net pension Obligation (Asset), End of Year	<u><u>\$ (2,402,071)</u></u>

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

Texas Municipal Retirement System (Continued)

**Contributions (Continued)**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution Made</u>	<u>Percentage of ARC Contribution</u>
2012	\$ 1,274,532	\$ 1,748,920	137%
2011	1,584,926	3,070,222	194%
2010	1,446,866	1,757,776	121%

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

<u>Actuarial Valuation Date</u>	<u>December 31, 2009</u>	<u>December 31, 2010</u>	<u>December 31, 2011</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Period	23 years - Closed Period	15.8 years - Closed Period	20.8 years - Closed Period
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.5%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation Rate	3.0%	3.0%	3.0%
Cost of Living Adjustments	2.1%	2.1%	2.1%

**Funded Status and Funding Progress**

The funded status as of December 31, 2011, the most recent actuarial valuation date, is presented as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2011	\$ 48,116,235	\$ 55,738,576	86.4%	\$ 7,572,341	\$ 13,595,533	55.7%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

Texas Statewide Emergency Services Personnel Retirement Fund

**Plan Description**

The Fire Fighters' Pension Commissioner is the administrator of the Texas Statewide Emergency Services Retirement System (TESRS), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2010, there were 199 member fire or emergency services departments actively participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

Financial information for the plan may be obtained by contacting the Texas Comptroller (P.O. Box 13528, Capitol Station, Austin, Texas 78711-3528).

The table below summarizes the pension system membership as of August 31, 2010:

(1) Retirees and beneficiaries currently receiving benefits	2,167
(2) Terminated participants entitled to benefits but not yet receiving them	2,106
(3) Current active participants (vested and nonvested)	4,371
(4) Total Members	<u>8,644</u>

TESRS was created by Senate Bill 411, 65<sup>th</sup> Legislature, Regular Session (1977), and established the applicable benefit provisions. The 79<sup>th</sup> Legislature, Regular Session (2005), recodified the provisions and gave TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increased 10% for each of the next five years of service so that a member becomes 100% vested within 15 years of service.

Upon reaching age 55, a vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

On and off duty death and on duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump-sum amount and continuing monthly payments to a member's surviving spouse and dependent children.



CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

Texas Statewide Emergency Services Personnel Retirement Fund (Continued)

**Funding Policy**

Contribution provisions were established by S.B. 411, 65<sup>th</sup> Legislature, Regular Session (1977) and amended by board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. Additional contributions may be made by a governing body to pay for granting credit for service before the department began participating in TESRS (prior service). The State may also be required to make annual contributions up to a limited amount to make the TESRS actuarially sound.

**Contributions Required and Contributions Made**

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2010, total contributions (dues and prior service) of \$2,875,103 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state did not appropriate any maximum state contribution for the fiscal years ending August 31, 2010 and 2011. Total contributions made were equal to the contributions required by the state statute and were equal to the contributions required based on the revised August 31, 2008 actuarial valuation.

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that are promised. The actuarial valuation as of August 31, 2010 revealed the adequacy of the expected contributions from the political subdivisions (dues and prior service contributions) together with the actual state appropriations for the fiscal year ending August 31, 2010 (\$502,941 to pay for part of the System's administrative expenses) and with the assumed continuation of legislative appropriations of (1) the maximum state contribution amount in future years for up to 30 years as is necessary for the System to have a 30-year amortization period, and (2) approximately \$500,000 each year to help pay for the System's administrative expenses. Expected contributions for the fiscal year ending August 31, 2011 are less than the contributions required because of the lag in time between an actuarial valuation that shows the need for maximum state contribution amounts and the appropriations process.

Schedule of Employer Contributions				
Fiscal Year Ending	(ARC) Annual Required Contributions	Actual Contributions*	Percentage of ARC Contributed	City of Seguin Contributions
August 31, 2008	\$ 3,160,764	\$ 11,239,339	356%	\$ 4,908
August 31, 2009	2,698,271	2,698,271	100%	4,331
August 31, 2010	2,875,103	2,875,103	100%	5,005

\* Includes a state contribution of \$8,800,000

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

Texas Statewide Volunteer Fire Fighters' Relief and Retirement Fund (Continued)

**Notes to Required Supplementary Information**

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. The actuarial assumptions and methods for the two most recent biennial valuations are shown below.

Valuation Date	August 31, 2010	August 31, 2008
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Dollar, Open	Level Dollar, Open
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 90%/110% corridor on market value
Actuarial Assumptions:		
Investment Rate of Return*	7.75% per year, net of investment expenses	8.00% per year, net of investment expenses
Projected salary increases	N/A	N/A
*Includes inflation at	3.50%	3.50%
Cost-of-Living adjustments	None	None

The funded status as of August 31, 2010, the most recent valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Rates	Total Members Covered	UAAL Per Member Covered
8/31/2010	\$ 64,113,803	\$ 81,264,230	\$ 17,150,427	78.9%	8644	\$ 1,984

Additional supplementary three-year trend information is presented as Required Supplementary Information following the notes to the financial statements.

**NOTE K -- POST EMPLOYMENT BENEFITS OTHER THEN PENSIONS**

Retiree Health Benefits

**Plan Description**

In addition to the pension benefits described in Note J, the City administers a single-employer defined benefit healthcare plan for retirees (the Plan), established under legal authority of the City Charter. The City is the only employer participating and contributing to the Plan. The Plan does not issue a publicly available financial report.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE K -- POST EMPLOYMENT BENEFITS OTHER THEN PENSIONS (CONTINUED)**

Retiree Health Benefits (Continued)

**Plan Description (Continued)**

The Plan provides healthcare insurance for eligible retirees (employees hired prior to January 1, 2008, and retire eligible for service retirement from Texas Municipal Retirement System with a retirement date of December 31, 2002 or later) and their dependents. This benefit is based on years of service with the City as follows:

<u>Minimum Years Continuous Service</u>	<u>Minimum Age</u>	<u>% Premium Paid by City</u>
15	57	0%
20	57	50%
25	57	100%

Eligible retirees will continue until the employee becomes Medicare eligible, at which time the employee will have the option to obtain a Medicare supplement or continue on the City's retiree plan at their own expense. Employees hired on or after January 1, 2008 will not receive a City contribution and will be responsible for payment of the actuarially established premium for retiree and dependent coverage.

Retiree premiums are the same as the premiums for active employees. For eligible employees retiring after December 31, 2011, the City will establish premium rates using actuarial methods to determine the appropriate rates by attained age. The City's contribution for a retiree's premium will not exceed the City's standard contribution toward an active employee's premium.

Plan members consist of the following at September 30, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	15
Active Plan Members	<u>147</u>
Total	<u><u>162</u></u>

**Annual OPEB Cost and Net OPEB Obligation (Asset)**

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City has elected to calculate the ARC and related information using the projected unit credit actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB asset of the Plan:

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE K -- POST EMPLOYMENT BENEFITS OTHER THEN PENSIONS (CONTINUED)**

Retiree Health Benefits (Continued)

**Annual OPEB Cost and Net OPEB Obligation (Asset) (Continued)**

Annual Required Contribution (ARC)	\$ 88,406
Interest on Net OPEB Obligation	1,978
Adjustment to Annual Required Contribution	<u>(1,903)</u>
Annual OPEB Cost (Expense)	88,481
Contributions Made	<u>(51,887)</u>
Increase in Net OPEB Obligation (Asset)	36,594
Net OPEB Obligation (Asset) - Beginning of Year	<u>49,459</u>
Net OPEB Obligation (Asset) - End of Year	<u><u>\$ 86,053</u></u>

The City's percentage of annual OPEB cost contributed to the Plan is 59% for the year ended September 30, 2012. The total net OPEB obligation was \$62,819 for governmental activities and \$23,234 for business-type activities.

**Funded Status and Funding Progress**

As of April 30, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,405,548. The covered payroll (annual payroll of active employees covered by the Plan) was about \$7,036,484, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 20%.

The projected benefit payments for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, will present information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to the point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE K -- POST EMPLOYMENT BENEFITS (Continued)**

Retiree Health Benefits (Continued)

**Actuarial Methods and Assumptions (Continued)**

In the April 30, 2012 actuarial valuation, the projected unit credit using full accrual at full eligibility age actuarial method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.0%. The Plan's unfunded actuarial accrued liability is being amortized over 26 years utilizing the unit credit method. Demographic and other assumptions include mortality rates by age and gender, and termination rates by age and years of service.

Supplemental Death Benefits Plan

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure the adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended September 2012, 2011, and 2010 were \$29,110; \$32,780; and \$29,917, respectively, which equaled the required contributions each year.

**NOTE L -- INTERFUND TRANSFERS**

Interfund transfers during the year ended September 30, 2012, were as follows:

<u>Receiving Fund/Activity</u>	<u>Transferring Fund/Activity</u>	<u>Amount</u>	
General Fund Capital Projects:	NonMajor Special Revenue	\$ 39,414	Reimbursement for Payroll Costs
NonMajor Capital Project	General Fund	1,225,510	Support Infrastructure Improvements
Utility Fund	General Fund	114,737	Support Utility System Improvements
Utility Fund	NonMajor Capital Projects	10,749	Support Utility System Improvements
Internal Service Funds	General Fund	45,563	Support Cost of Employee Insurances
Internal Service Funds	Utility Fund	42,228	Support Cost of Employee Insurances
Total Transfers		<u>\$ 1,478,201</u>	

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE M -- COMMITMENTS AND CONTINGENCIES**

Litigation

The City terminated its Wholesale Power Agreement with LCRA based on breaches of the contract by LCRA. LCRA has refused to allow the City (along with other customers who terminated the agreement) to purchase certain power off the LCRA system. This has resulted in higher and discriminatory rates being paid by the City. LCRA has demanded accelerated repayment of debt and sued for a judicial declaration that it was not in breach. The suit also seeks damages for the cost of power it claims Seguin was obligated to take. The City intends to contest LCRA's claims and seek dismissal. The City believes its claims are factually supported and there is reasonable likelihood of success. Should the case be decided adversely to the City, the amount of loss could be material to the financial statements.

The City has filed claim against KIVA and First National (surety) in the amount of \$1,613,348 for contractor's default and surety's breach of bond obligations to complete performance on the project. The City is confident it will recover some funds to reimburse costs incurred in completing the project. Since the City is unable to estimate the amount of recovery with a degree of certainty, no amounts have been reflected in these financial statements.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Construction Commitments

The City has entered into construction and engineering contracts for the improvement of various streets and utility systems, as well as park improvements. In addition, coliseum renovations and upgrades and community development projects under the Neighborhood Stabilization program are in progress. Estimated future commitments associated with these contracts as of September 30, 2012 are as follows:

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE M -- COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Construction Commitments (Continued)

<b>Primary Government</b>	<b>Total</b>	<b>Incurred Thru</b>	<b>Estimated</b>
<u>General Government</u>	<u>Commitments</u>	<u>September 2012</u>	<u>Future</u>
			<u>Commitments</u>
Street & Drainage Improvements	\$ 1,621,391	\$ 1,070,796	\$ 550,595
Professional Services (Engineering)	494,348	192,957	301,391
Golf Intake Project	143,971	108,472	35,499
	<u>2,259,710</u>	<u>1,372,225</u>	<u>887,485</u>
<u>Utility System</u>			
Utility System Improvements	5,372,974	2,535,145	2,837,829
Professional Services (Engineering)	1,251,263	502,499	748,764
Various Other Contractual Commitments	4,162,716	3,085,256	1,077,460
	<u>10,786,953</u>	<u>6,122,900</u>	<u>4,664,053</u>
 Total Primary Government Commitments	 <u>\$ 13,046,663</u>	 <u>\$ 7,495,125</u>	 <u>\$ 5,551,538</u>
 <b>Component Unit</b>			
Professional Services	\$ 41,146	\$ 15,243	\$ 25,903
Economic Incentives	775,000	300,000	475,000
	<u>\$ 816,146</u>	<u>\$ 315,243</u>	<u>\$ 500,903</u>

Commitments under Noncapitalized Leases

Commitments under noncapitalized (operating) leases for copiers provide for future rental payments as of September 30, 2012 as follows:

<u>Year Ending September 30,</u>	<u>Rentals</u>
2013	\$ 36,099
2014	36,099
2015	28,506
2016	13,804
2017	804
Total	<u>\$ 115,312</u>

Guadalupe Regional Medical Center

The City of Seguin is contingently liable for 50% of operating deficits produced by Guadalupe Regional Medical Center, if any, with Guadalupe County contingently responsible for the remainder. In addition, the City would be responsible for 50% of any long-term obligations should the Hospital be in default (See Note A1). Following is a summary of financial data as reported in the Guadalupe Regional Medical Center's most recent audited financial statements for the year ended September 30, 2012:

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)**

Guadalupe Regional Medical Center (Continued)

Assets:	
Current Assets	\$ 24,970,652
Other Assets	15,627,428
Capital Assets (Net)	99,106,440
Total Assets	<u>\$ 139,704,520</u>
Liabilities & Net Assets:	
Current Liabilities	\$ 11,569,397
Other Liabilities	96,676,578
TOTAL LIABILITIES	<u>108,245,975</u>
Net Assets	<u>31,458,545</u>
Total Liabilities & Net Assets	<u>\$ 139,704,520</u>
Operating Revenues:	
Net Revenues from Patient Services	\$ 77,814,444
Other Operating Revenues	2,564,047
Total Operating Revenues	<u>80,378,491</u>
Operating Expenses:	<u>81,029,657</u>
Total Net Operating Income	(651,166)
Nonoperating Revenues and (Expenses)	<u>(3,840,128)</u>
Increase (Decrease) in Net Assets	<u>\$ (4,491,294)</u>

Schertz/Seguin Local Government Corporation

The City of Seguin is jointly liable, together with the City of Schertz, for operating deficits and long-term debt of the Schertz/Seguin Local Government Corporation (See Note A1). Following is a summary of financial data as reported in the Corporation's most recent audited financial statements dated September 30, 2011:



CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)**

Schertz/Seguin Local Government Corporation (Continued)

Assets:	
Current Assets	\$ 4,959,186
Restricted Cash and Cash Equivalents	18,345,207
Property, Plant & Equipment	59,995,340
Other Assets	2,157,966
Total Assets	<u>\$ 85,457,699</u>
Liabilities & Net Assets:	
Current Liabilities	\$ 6,795,025
Revenue Bonds (Less Current Maturities and Unamortized Discounts)	73,889,840
Total Liabilities	<u>80,684,865</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	(2,712,485)
Restricted	5,487,016
Unrestricted	1,998,303
	<u>4,772,834</u>
Total Liabilities & Net Assets	<u>\$ 85,457,699</u>

The Corporation had revenue bonds outstanding in the amount of \$77,605,000 (as of September 30, 2011) to provide funds to build, improve, extend, enlarge and repair the Corporation's utility system, fund a reserve, and pay the costs of bond issuance. The bond resolution pledges intergovernmental contract revenues from the cities of Schertz and Seguin (the participating governments) to bond holders. Under the intergovernmental water supply contract, the participating governments are unconditionally obligated to pay their respective shares of annual contract revenue bond debt service from the operation of their respective utility systems.

**NOTE N -- RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2012 were \$216,561 for property and casualty and \$203,643 for workers' compensation coverage.

CITY OF SEGUIN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2012

**NOTE O – PLEDGED REVENUE**

The Seguin Economic Development Corporation (SEDC) entered into an interlocal cooperative agreement with the City to transfer lawfully available surplus sales and use tax collected on behalf of SEDC to fund a portion of the debt service requirements of the 2011 *Combination Tax and Limited Pledge Revenue Certificates*. SEDC has pledged to transfer on an annual basis debt service requirements in total principal amount of \$880,000.

**NOTE P -- SPECIAL ITEMS**

Special Items are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence. The City had the following transactions during the year that were significant and infrequent:

*Tax Exemption Settlement Agreement* – The City was party to an agreement with CPS Energy to settle a dispute as to the qualification of a wholesale power plant for an exemption from ad valorem taxes. In full settlement of the dispute, CPS Energy paid to the City a lump-sum in the amount of \$9,585,200 in exchange for terminating any and all claims, rulings, assessments or levies during the term of the agreement. The agreement terminates on December 31, 2041.

**NOTE Q – SUBSEQUENT EVENTS**

Cibolo Valley Local Government Corporation has revised its bylaws subsequent to September 30, 2012, to allow for the withdrawal of the cities of Seguin and Selma as organizing participants. Management of the City of Seguin has determined that they do not have sufficient need of an additional alternate water source to warrant financial participation in the corporation. The City does not have a financial obligation to the corporation as of the date of this report, and anticipates a partial reimbursement of the original contribution.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Funding Progress – Defined Benefit Retirement Plans  
Other Post Employment Benefits

CITY OF SEGUIN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual Amounts for 2011)

	Budgeted Amounts			Variance With Final Budget -	
	Original	Final	2012 Actual	Positive (Negative)	2011 Actual
<b>REVENUES</b>					
Taxes	\$ 8,807,421	\$ 8,807,421	\$ 10,093,502	\$ 1,286,081	\$ 8,793,486
Licenses and Permits	224,000	224,000	404,953	180,953	315,296
Intergovernmental	795,054	821,999	826,974	4,975	951,119
Charges for Services	4,886,834	4,886,834	5,082,251	195,417	4,795,723
Fines and Forfeits	1,133,300	1,142,800	1,308,301	165,501	1,424,265
Interest	12,400	12,400	25,291	12,891	12,310
Miscellaneous	639,250	641,724	660,702	18,978	661,472
<b>TOTAL REVENUES</b>	<b>16,498,259</b>	<b>16,537,178</b>	<b>18,401,974</b>	<b>1,864,796</b>	<b>16,953,671</b>
<b>EXPENDITURES</b>					
<b>GENERAL GOVERNMENT:</b>					
<i>Administration:</i>					
Personnel Services	56,555	56,555	57,001	(446)	56,990
Contracted Services	1,270	1,270	1,194	76	1,235
Supplies	900	900	693	207	721
Other Services and Charges	26,010	26,010	13,879	12,131	15,585
<i>Total Administration</i>	<i>84,735</i>	<i>84,735</i>	<i>72,767</i>	<i>11,968</i>	<i>74,531</i>
<i>Financial Administration:</i>					
Personnel Services	270,077	270,077	267,364	2,713	234,268
Contracted Services	122,010	122,010	117,743	4,267	120,018
Supplies	11,200	11,200	9,684	1,516	10,856
Other Services and Charges	5,020	5,020	1,639	3,381	2,449
<i>Total Financial Administration</i>	<i>408,307</i>	<i>408,307</i>	<i>396,430</i>	<i>11,877</i>	<i>367,591</i>
<i>City Manager:</i>					
Personnel Services	173,077	176,877	177,908	(1,031)	171,150
Contracted Services	1,280	1,280	908	372	1,225
Supplies	2,000	2,000	1,474	526	1,564
Other Services and Charges	10,575	10,575	8,214	2,361	10,039
<i>Total City Manager</i>	<i>186,932</i>	<i>190,732</i>	<i>188,504</i>	<i>2,228</i>	<i>183,978</i>
<i>Human Resources:</i>					
Personnel Services	192,400	192,400	191,368	1,032	187,475
Contracted Services	42,275	42,275	39,323	2,952	57,012
Supplies	4,800	4,800	3,782	1,018	3,895
Other Services and Charges	38,640	38,640	29,306	9,334	28,856
<i>Total Human Resources</i>	<i>\$ 278,115</i>	<i>\$ 278,115</i>	<i>\$ 263,779</i>	<i>\$ 14,336</i>	<i>\$ 277,238</i>

*Continued*

CITY OF SEGUIN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual Amounts for 2011)

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)	2011 Actual
<b>General Government (Cont.):</b>	Original	Final	<b>2012 Actual</b>		
<i>Planning and Zoning Office:</i>					
Personnel Services	\$ 667,637	\$ 667,637	\$ 665,474	\$ 2,163	\$ 645,674
Contracted Services	71,535	70,635	59,012	11,623	68,790
Supplies	22,180	37,455	37,040	415	63,822
Other Services and Charges	8,100	8,600	6,083	2,517	8,769
<i>Total Planning and Zoning Office</i>	<u>769,452</u>	<u>784,327</u>	<u>767,609</u>	<u>16,718</u>	<u>787,055</u>
<i>City Secretary's Office:</i>					
Personnel Services	55,317	55,317	55,177	140	54,166
Contracted Services	3,420	3,420	2,716	704	3,019
Supplies	2,650	2,650	2,437	213	2,668
Other Services and Charges	38,650	38,650	15,443	23,207	11,081
<i>Total City Secretary's Office</i>	<u>100,037</u>	<u>100,037</u>	<u>75,773</u>	<u>24,264</u>	<u>70,934</u>
<i>Information Technology</i>					
Personnel Services	103,691	103,691	101,704	1,987	95,900
Contracted Services	83,425	116,525	115,923	602	76,870
Supplies	1,350	1,350	1,208	142	1,076
Other Services and Charges	2,675	2,675	1,850	825	1,279
<i>Total Information Technology</i>	<u>191,141</u>	<u>224,241</u>	<u>220,685</u>	<u>3,556</u>	<u>175,125</u>
<i>City Attorney:</i>					
Personal Services	65,760	65,760	64,985	775	62,551
Contracted Services	8,121	8,121	2,881	5,240	695
Supplies	400	362	277	85	92
Other Services and Charges	1,645	1,683	843	840	1,589
<i>Total City Attorney:</i>	<u>75,926</u>	<u>75,926</u>	<u>68,986</u>	<u>6,940</u>	<u>64,927</u>
<i>Facilities and Grounds:</i>					
Personnel Services	132,986	132,986	135,049	(2,063)	476,266
Contracted Services	59,900	71,330	64,909	6,421	78,603
Supplies	10,575	2,145	1,939	206	17,849
Other Services and Charges	-	1,800	1,705	95	17,784
<i>Total Facilities and Grounds</i>	<u>203,461</u>	<u>208,261</u>	<u>203,602</u>	<u>4,659</u>	<u>590,502</u>
<b>Total General Government</b>	<u>\$ 2,298,106</u>	<u>\$ 2,354,681</u>	<u>\$ 2,258,135</u>	<u>\$ 96,546</u>	<u>\$ 2,591,881</u>

*Continued*

CITY OF SEGUIN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual Amounts for 2011)

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)	2011 Actual
	Original	Final	2012 Actual		
<b>Public Safety:</b>					
<i>Police:</i>					
Personnel Services	\$ 4,837,904	\$ 4,837,904	\$ 4,862,396	\$ (24,492)	\$ 4,623,994
Contracted Services	152,045	142,203	120,335	21,868	134,528
Supplies	78,465	81,607	71,748	9,859	91,097
Other Services and Charges	233,200	239,900	215,881	24,019	162,667
<i>Total Police</i>	<u>5,301,614</u>	<u>5,301,614</u>	<u>5,270,360</u>	<u>31,254</u>	<u>5,012,286</u>
<i>Fire/EMS:</i>					
Personnel Services	3,787,608	3,787,608	3,690,697	96,911	3,578,584
Contracted Services	249,305	278,455	275,958	2,497	261,900
Supplies	138,300	145,192	136,991	8,201	133,292
Other Services and Charges	124,900	98,140	92,380	5,760	80,043
<i>Total Fire/EMS</i>	<u>4,300,113</u>	<u>4,309,395</u>	<u>4,196,026</u>	<u>113,369</u>	<u>4,053,819</u>
<i>Municipal Court:</i>					
Personnel Services	220,379	220,379	216,710	3,669	202,595
Contracted Services	65,560	68,560	58,745	9,815	60,441
Supplies	8,000	8,000	7,861	139	8,341
Other Services and Charges	6,300	6,300	2,819	3,481	3,550
<i>Total Municipal Court</i>	<u>300,239</u>	<u>303,239</u>	<u>286,135</u>	<u>17,104</u>	<u>274,927</u>
<i>Animal Control:</i>					
Personnel Services	175,273	185,273	168,990	16,283	143,569
Contracted Services	10,667	10,467	8,392	2,075	8,413
Supplies	10,800	11,000	10,689	311	10,364
Other Services and Charges	8,200	8,200	6,260	1,940	6,318
<i>Total Animal Control</i>	<u>204,940</u>	<u>214,940</u>	<u>194,331</u>	<u>20,609</u>	<u>168,664</u>
<b>Total Public Safety</b>	<u>10,106,906</u>	<u>10,129,188</u>	<u>9,946,852</u>	<u>182,336</u>	<u>9,509,696</u>
<b>Public Service:</b>					
<i>Public Works:</i>					
Personnel Services	1,167,462	1,167,462	1,170,260	(2,798)	941,474
Contracted Services	1,490,720	1,487,849	1,400,251	87,598	1,289,478
Supplies	19,900	22,793	21,551	1,242	14,820
Other Services and Charges	83,500	83,478	81,889	1,589	51,206
<i>Total Public Works</i>	<u>\$ 2,761,582</u>	<u>\$ 2,761,582</u>	<u>\$ 2,673,951</u>	<u>\$ 87,631</u>	<u>\$ 2,296,978</u>

*Continued*

CITY OF SEGUIN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual Amounts for 2011)

	Budgeted Amounts			Variance With Final Budget -	
	Original	Final	2012 Actual	Positive (Negative)	2011 Actual
<b>Public Service: (Cont.)</b>					
<i>Vehicle Maintenance:</i>					
Personnel Services	\$ 172,936	\$ 172,936	\$ 169,901	\$ 3,035	\$ 158,671
Contracted Services	25,355	25,255	21,760	3,495	20,861
Supplies	12,000	11,755	11,518	237	10,175
Other Services and Charges	5,750	6,095	4,220	1,875	4,259
<i>Total Vehicle Maintenance</i>	216,041	216,041	207,399	8,642	193,966
<i>Library:</i>					
Personnel Services	430,233	430,233	408,513	21,720	404,948
Contracted Services	53,810	50,210	43,215	6,995	42,385
Supplies	96,800	96,783	94,183	2,600	93,664
Other Services and Charges	2,825	6,442	5,596	846	5,797
<i>Total Library</i>	583,668	583,668	551,507	32,161	546,794
<i>Parks and Recreation:</i>					
Personnel Services	969,833	969,833	947,972	21,861	634,222
Contracted Services	116,815	113,615	106,109	7,506	80,018
Supplies	73,750	89,022	67,203	21,819	42,015
Other Services and Charges	19,780	22,980	20,960	2,020	9,221
<i>Total Parks and Recreation</i>	1,180,178	1,195,450	1,142,244	53,206	765,476
<i>Golf Course:</i>					
Personnel Services	420,538	420,538	417,519	3,019	405,234
Contracted Services	63,040	64,040	54,890	9,150	56,649
Supplies	38,800	37,590	28,242	9,348	28,688
Other Services and Charges	76,600	76,810	71,619	5,191	77,669
<i>Total Golf Course</i>	598,978	598,978	572,270	26,708	568,240
<i>Downtown &amp; Main St. Programs:</i>					
Personnel Services	147,430	147,430	148,014	(584)	144,784
Contracted Services	6,707	6,007	6,294	(287)	1,474
Supplies	1,400	7,012	3,150	3,862	3,103
Other Services and Charges	39,660	40,360	38,584	1,776	41,521
<i>Total Downtown &amp; Main St. Programs</i>	195,197	200,809	196,042	4,767	190,882
<b>Total Public Service</b>	\$ 5,535,644	\$ 5,556,528	\$ 5,343,413	\$ 213,115	\$ 4,562,336

*Continued*

CITY OF SEGUIN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual Amounts for 2011)

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)	2011 Actual
	Original	Final	2012 Actual		
<b>Nondepartmental:</b>					
Personnel Services	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Contracted Services	112,065	112,065	111,648	417	110,996
Building and Auto Insurance	125,000	136,800	137,202	(402)	111,250
Unemployment Insurance	15,000	15,000	8,134	6,866	22,833
Contributions - Civic Organizations	1,274,551	1,274,551	1,274,551	-	1,276,770
Other Services and Charges	24,600	70,800	62,859	7,941	30,688
<b>Total Nondepartmental</b>	<u>1,551,216</u>	<u>1,609,216</u>	<u>1,594,394</u>	<u>14,822</u>	<u>1,802,537</u>
<b>Capital Outlay</b>	<u>175,000</u>	<u>229,720</u>	<u>45,195</u>	<u>184,525</u>	<u>53,876</u>
<b>Indirect Cost</b>					
Recovery - Utility Fund	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>(3,430,197)</u>	<u>430,197</u>	<u>(3,288,861)</u>
<b>TOTAL EXPENDITURES</b>	<u>16,666,872</u>	<u>16,879,333</u>	<u>15,757,792</u>	<u>1,121,541</u>	<u>15,231,465</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(168,613)</u>	<u>(342,155)</u>	<u>2,644,182</u>	<u>2,986,337</u>	<u>1,722,206</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	4,000	43,176	39,414	(3,762)	41,638
Transfers (Out)	<u>(581,073)</u>	<u>(1,271,073)</u>	<u>(1,385,810)</u>	<u>(114,737)</u>	<u>(1,606,689)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(577,073)</u>	<u>(1,227,897)</u>	<u>(1,346,396)</u>	<u>(118,499)</u>	<u>(1,565,051)</u>
<b>Special Items</b>	<u>-</u>	<u>-</u>	<u>9,585,200</u>	<u>9,585,200</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(745,686)</u>	<u>(1,570,052)</u>	<u>10,882,986</u>	<u>12,453,038</u>	<u>157,155</u>
<b>Fund Balance at Beginning of Year</b>	<u>8,869,358</u>	<u>8,869,358</u>	<u>8,869,358</u>	<u>-</u>	<u>8,712,203</u>
<b>Fund Balance at End of Year</b>	<u>\$ 8,123,672</u>	<u>\$ 7,299,306</u>	<u>\$ 19,752,344</u>	<u>\$ 12,453,038</u>	<u>\$ 8,869,358</u>



CITY OF SEGUIN, TEXAS  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
SEPTEMBER 30, 2012

**Budgetary Information** – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are funds which have legally adopted annual budgets: General Fund, Debt Service Fund, Occupancy Tax (Special Revenue) Fund, Coliseum (Special Revenue) Fund, Aquatic Center (Special Revenue) Fund, Convention & Visitor's Bureau (Special Revenue Fund), Sebastopol House (Special Revenue) Fund, Police Donations (Special Revenue) Fund, and PEG Capital Fees (Special Revenue) Fund. Project – length financial plans are adopted for the Capital Projects Funds.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF SEGUIN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS  
LAST THREE CALENDAR YEARS

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability*	(3) Funding Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2009	\$ 21,658,711	\$ 31,585,208	68.6%	\$ 9,926,497	\$ 11,977,729	82.9%
12/31/2010	44,201,707	52,818,204	83.7%	8,616,497	12,743,175	67.6%
12/31/2011	48,166,235	55,738,576	86.4%	7,572,341	13,595,533	55.7%

TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL  
RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS \*  
LAST THREE ACTUARIAL VALUATIONS

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL) - Entry Age (1)	Unfunded AAL (UAAL)	Funded Ratio	Total Members Covered	UAAL Per Member Covered
	[a]	[b]	[b]-[a]	[a/b]	[c]	[d]
8/31/2006	\$ 42,268,305	\$ 58,082,828	\$ 15,814,523	72.8%	8,061	\$ 1,962
8/31/2008 (2)	60,987,157	64,227,341	3,240,184	95.0%	8,254	393
8/31/2010 (3)	64,113,803	81,264,230	17,150,427	78.9%	8,644	1,984

\* Represents funding progress of the Texas Statewide Emergency Services Personnel Retirement Fund as a whole. Separate funding information for individual participating governments is not provided.

- (1) The actuarial accrued liability is based upon the entry age actuarial cost method.
- (2) Changes in actuarial assumptions were first reflected in this valuation.
- (3) Changes in actuarial assumption and method were reflected in this valuation.

CITY OF SEGUIN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
RETIREE INSURANCE  
SCHEDULE OF FUNDING PROGRESS  
LAST THREE ACTUARIAL VALUATIONS

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
4/30/2008	\$ -	\$ 846,797	\$ 846,797	0%	\$ 11,228,815	7.5%
4/30/2010	-	1,161,466	1,161,466	0%	13,172,581	8.8%
4/30/2012	-	1,405,548	1,405,548	0%	7,036,484	20.0%



## SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Statement of Revenues, Expenditures & Changes in Fund Balance – Budget and Actual – Debt Service Fund
- Combining Statements – Nonmajor Governmental Funds
  - *Combining Statements – Nonmajor Special Revenue Funds*
  - *Combining Statements – Nonmajor Capital Projects Funds*
  - *Budgetary Statements*
- Comparative Statements – Enterprise (Utility) Fund
- Combining Statements – Internal Service (Insurance) Funds
- Combining Statements – Fiduciary (Private Purpose Trust) Funds
- Statement of Changes in Assets & Liabilities – Agency Fund

CITY OF SEGUIN, TEXAS  
COMPARATIVE BALANCE SHEETS  
GENERAL FUND  
SEPTEMBER 30, 2012 AND 2011

ASSETS	2012	2011
Cash and Cash Equivalents	\$ 305,439	\$ 210,623
Investments	19,405,060	8,847,088
Receivables:		
Taxes	1,511,651	1,299,143
Accounts	922,160	1,015,962
Grants	27,135	16,486
Miscellaneous	59,329	72,620
Due from Other Funds	140,015	1,540
Inventory of Supplies	17,037	18,963
Prepaid Items	49,067	54,138
<b>TOTAL ASSETS</b>	<b>\$ 22,436,893</b>	<b>\$ 11,536,563</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 645,173	\$ 442,441
Accrued Expenditures	543,241	683,523
Due to Component Unit	183,109	150,841
Deferred/Unearned Revenue	1,284,063	1,383,349
Due to Others	28,963	7,051
<i>Total Liabilities</i>	<u>2,684,549</u>	<u>2,667,205</u>
<i>Fund Balance:</i>		
Nonspendable	66,104	73,101
Restricted - Tree Mitigation Fees	22,800	22,800
Committed - Stabilization Arrangement	2,208,762	-
Unassigned	17,454,678	8,773,457
<i>Total Fund Balance</i>	<u>19,752,344</u>	<u>8,869,358</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 22,436,893</b>	<b>\$ 11,536,563</b>

CITY OF SEGUIN, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GENERAL FUND  
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

REVENUES	2012	2011
Taxes	\$ 10,093,502	\$ 8,793,486
Licenses and Permits	404,953	315,296
Intergovernmental	826,974	951,119
Charges for Services	5,082,251	4,795,723
Fines and Forfeits	1,308,301	1,424,265
Interest	25,291	12,310
Miscellaneous	660,702	661,472
<b>TOTAL REVENUES</b>	<b>18,401,974</b>	<b>16,953,671</b>
 <b>EXPENDITURES</b>		
<i>Current:</i>		
General Government	2,258,135	2,591,881
Public Safety	9,946,852	9,509,696
Public Service	5,343,413	4,562,336
Nondepartmental	1,594,394	1,802,537
Indirect cost Allocation (Recovery)	(3,430,197)	(3,288,861)
<i>Capital Outlay</i>	45,195	53,876
<b>TOTAL EXPENDITURES</b>	<b>15,757,792</b>	<b>15,231,465</b>
 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>2,644,182</b>	<b>1,722,206</b>
 <b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	39,414	41,638
Transfers (Out)	(1,385,810)	(1,606,689)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,346,396)</b>	<b>(1,565,051)</b>
 <b>Special Items</b>	<b>9,585,200</b>	<b>-</b>
 <b>Net Change in Fund Balance</b>	<b>10,882,986</b>	<b>157,155</b>
 <b>Fund Balance at Beginning of Year</b>	<b>8,869,358</b>	<b>8,712,203</b>
 <b>Fund Balance at End of Year</b>	<b>\$ 19,752,344</b>	<b>\$ 8,869,358</b>

CITY OF SEGUIN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(with Comparative Actual Amounts for 2011)

	Final Budgeted Amounts	2012	Variance Favorable (Unfavorable)	2011
<b>REVENUES</b>				
Taxes	\$ 3,159,051	\$ 3,277,983	\$ 118,932	\$ 2,832,999
Intergovernmental	187,750	324,792	137,042	181,238
Charges for Services	50,000	48,162	(1,838)	45,843
Interest	2,010	2,971	961	3,776
<b>TOTAL REVENUES</b>	<u>3,398,811</u>	<u>3,653,908</u>	<u>255,097</u>	<u>3,063,856</u>
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Principal	1,634,764	1,890,056	(255,292)	1,522,995
Interest and Fiscal Charges	1,747,455	1,678,374	69,081	1,670,818
Bond Issue Costs	-	17,393	(17,393)	-
<b>TOTAL EXPENDITURES</b>	<u>3,382,219</u>	<u>3,585,823</u>	<u>(203,604)</u>	<u>3,193,813</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>16,592</u>	<u>68,085</u>	<u>51,493</u>	<u>(129,957)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	6,739
Refunding Bonds Issued	-	2,884,816	2,884,816	-
Premiums on Refunding Bonds	-	97,564	97,564	-
Payment to Refunded Bond Escrow Agent	-	(2,975,988)	(2,975,988)	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>6,392</u>	<u>6,392</u>	<u>6,739</u>
<b>Net Change in Fund Balance</b>	16,592	74,477	57,885	(123,218)
<b>FUND BALANCE, OCTOBER 1</b>	<u>945,380</u>	<u>945,380</u>	<u>-</u>	<u>1,068,598</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 961,972</u>	<u>\$ 1,019,857</u>	<u>\$ 57,885</u>	<u>\$ 945,380</u>



CITY OF SEGUIN, TEXAS  
COMBINING FINANCIAL STATEMENTS  
NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Occupancy Tax Fund** – To account for the Occupancy Tax revenues paid the City and restricted by State Law. The revenues provide for contributions to various civic organizations. In addition, certain occupancy tax proceeds are designated for specific uses and are reflected in separate special revenue funds.

**Coliseum Fund** – To account for occupancy tax and revenues earned by the coliseum that provide for the operations and maintenance of the coliseum.

**Aquatic Center Fund** – To account for the revenues earned by the Aquatic Center committed for the operations and maintenance of the Aquatic Center.

**Municipal Court Security** – To account for revenues from court fines restricted to improving municipal court security.

**Municipal Court Technology** – To account for revenues from court fines restricted to improving court technology.

**Federal Forfeiture Fund** – To account for revenues under federal laws that allow confiscation of money and property seized during enforcement of controlled substance laws. Revenues are accounted for under federal laws and related agreements.

**State Forfeiture Fund** – To account for revenues under state laws that allow confiscation of money and property seized during enforcement of controlled substance laws. Revenues are accounted for under state laws and related agreements.

**Juvenile Case Manager Fund** – To account for fees assessed and restricted to support a case manager for juvenile offenders.

**D.A.R.E. Fund** – Established in fiscal 1995 to account for donations received for the D.A.R.E. program.

**Convention & Visitors Bureau** – To account for occupancy tax revenues restricted for specific purposes by state law.

**Sebastopol House** – To account for occupancy tax revenues restricted for specific purposes by state law. The Sebastopol House is a registered historic landmark.

**Police Department Donations** – To account for contributions restricted to the City Police Department.

**Seguin Arts Commission** – To account for contributions restricted to support the arts.

**PEG Capital Fees** – To account for fees collected and remitted to the city with cable franchise fees to support government-access cable broadcasting.

**Library Building Fund** – To account for contributions restricted to library enhancement.

CITY OF SEGUIN, TEXAS  
COMBINING FINANCIAL STATEMENTS  
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS

The Capital Projects funds are used to account for proceeds from bond issues and other resources specifically assigned for capital expenditures.

CITY OF SEGUIN, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2012

	Combined Special Revenue	Combined Capital Projects	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 54,542	\$ 39,448	\$ 93,990
Investments	1,536,879	2,023,408	3,560,287
Receivables (net of allowances for uncollectibles):			
Taxes	177,319	-	177,319
Accounts	7,787	468,808	476,595
Restricted Assets:			
Cash and Cash Equivalents	-	34	34
Investments	-	4,217,608	4,217,608
Prepaid Items	16,852	6,000	22,852
<b>TOTAL ASSETS</b>	<u>\$ 1,793,379</u>	<u>\$ 6,755,306</u>	<u>\$ 8,548,685</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ 30,298	\$ 256,523	\$ 286,821
Accrued Expenditures	7,162	-	7,162
Deferred Revenues	4,886	-	4,886
Due to Other Funds	-	140,015	140,015
Due to Others	21,542	-	21,542
<i>Total Liabilities</i>	<u>63,888</u>	<u>396,538</u>	<u>460,426</u>
<i>Fund Balance:</i>			
Nonspendable:			
Prepays	16,852	6,000	22,852
Restricted			
Promoting Tourism & Economic Development	1,104,904	-	1,104,904
Public Safety	344,086	-	344,086
Public Service	252,536	-	252,536
Capital Projects	-	4,169,562	4,169,562
Committed	11,113	-	11,113
Assigned	-	2,183,206	2,183,206
<i>Total Fund Balance</i>	<u>1,729,491</u>	<u>6,358,768</u>	<u>8,088,259</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,793,379</u>	<u>\$ 6,755,306</u>	<u>\$ 8,548,685</u>



CITY OF SEGUIN, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
SEPTEMBER 30, 2012

REVENUES	Combined Special Revenue	Combined Capital Projects	Total
Taxes	\$ 878,840	\$ -	\$ 878,840
Intergovernmental	30,831	659,409	690,240
Charges for Services	170,074	74,806	244,880
Fines and Forfeits	113,846	-	113,846
Interest	908	12,692	13,600
Miscellaneous	20,223	40,767	60,990
<b>TOTAL REVENUES</b>	<u>1,214,722</u>	<u>787,674</u>	<u>2,002,396</u>
<b>EXPENDITURES</b>			
Current:			
General Government	712,298	-	712,298
Public Service	-	533,772	533,772
Nondepartmental	25,787	-	25,787
Capital Outlay	39,372	2,340,807	2,380,179
Debt Service:			
Principal	-	83,651	83,651
Interest & Fiscal Charges	-	8,413	8,413
Bond Issue Costs	-	128,613	128,613
<b>TOTAL EXPENDITURES</b>	<u>777,457</u>	<u>3,095,256</u>	<u>3,872,713</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<u>437,265</u>	<u>(2,307,582)</u>	<u>(1,870,317)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	1,225,510	1,225,510
Transfers Out	(39,414)	(10,749)	(50,163)
Proceeds of Debt Issued	-	3,473,255	3,473,255
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(39,414)</u>	<u>4,688,016</u>	<u>4,648,602</u>
<b>Net Change in Fund Balances</b>	397,851	2,380,434	2,778,285
<b>FUND BALANCE, OCTOBER 1</b>	<u>1,331,640</u>	<u>3,978,334</u>	<u>5,309,974</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u><u>\$ 1,729,491</u></u>	<u><u>\$ 6,358,768</u></u>	<u><u>\$ 8,088,259</u></u>

CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2012

	Occupancy Tax Fund	Coliseum Fund	Aquatic Center Fund	Municipal Court Security Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,546	\$ 1,476	\$ 1,941	\$ 1,625
Investments	702,965	152,472	9,243	78,052
Receivables (net of allowances for uncollectibles):				
Accounts	-	7,787	-	-
Taxes	167,339	-	-	-
Due from Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ 876,850</u></u>	<u><u>\$ 161,735</u></u>	<u><u>\$ 11,184</u></u>	<u><u>\$ 79,677</u></u>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 1,433	\$ 25	\$ -
Accrued Expenditures/Expenses	-	1,523	-	897
Due to Other Funds	160	-	-	-
Due to Others	-	21,542	-	-
Deferred Revenue	-	-	46	-
<i>Total Liabilities</i>	<u>160</u>	<u>24,498</u>	<u>71</u>	<u>897</u>
<i>Fund Balance:</i>				
Nonspendable:				
Prepays	-	-	-	-
Restricted				
Promoting Tourism & Economic Development	876,690	137,237	-	-
Public Safety	-	-	-	78,780
Public Service	-	-	-	-
Committed	-	-	11,113	-
<i>Total Fund Balance</i>	<u>876,690</u>	<u>137,237</u>	<u>11,113</u>	<u>78,780</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 876,850</u></u>	<u><u>\$ 161,735</u></u>	<u><u>\$ 11,184</u></u>	<u><u>\$ 79,677</u></u>

<u>Municipal Court Technology</u>	<u>Federal Forfeiture Seizure Fund</u>	<u>State Forfeiture Seizure Fund</u>	<u>Juvenile Case Manager</u>	<u>DARE Program Fund</u>
\$ 1,150	\$ 3,022	\$ 9,103	\$ -	\$ 3,961
32,033	18,765	35,269	-	107,678
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
13,002	-	-	-	-
<u>\$ 46,185</u>	<u>\$ 21,787</u>	<u>\$ 44,372</u>	<u>\$ -</u>	<u>\$ 111,639</u>
\$ -	\$ -	\$ -	\$ -	\$ 793
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>793</u>
13,002	-	-	-	-
-	-	-	-	-
33,183	21,787	44,372	-	110,846
-	-	-	-	-
-	-	-	-	-
<u>46,185</u>	<u>21,787</u>	<u>44,372</u>	<u>-</u>	<u>110,846</u>
<u>\$ 46,185</u>	<u>\$ 21,787</u>	<u>\$ 44,372</u>	<u>\$ -</u>	<u>\$ 111,639</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2012

	Convention & Visitors Bureau Fund	Sebastopol House	Police Department Donations	Seguin Arts Commission
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,663	\$ 2,125	\$ 1,358	\$ 2,512
Investments	115,816	-	60,602	-
Receivables (net of allowances for uncollectibles):				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from Other Funds	-	160	-	-
Prepaid Items	3,850	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 123,329</u>	<u>\$ 2,285</u>	<u>\$ 61,960</u>	<u>\$ 2,512</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 24,632	\$ 358	\$ 3,057	\$ -
Accrued Expenditures/Expenses	3,870	872	-	-
Due to Other Funds	-	-	-	-
Due to Others	-	-	-	-
Deferred Revenue	-	1,055	3,785	-
<i>Total Liabilities</i>	<u>28,502</u>	<u>2,285</u>	<u>6,842</u>	<u>-</u>
<i>Fund Balance:</i>				
Nonspendable:				
Prepays	3,850	-	-	-
Restricted				
Promoting Tourism & Economic Development	90,977	-	-	-
Public Safety	-	-	55,118	-
Public Service	-	-	-	2,512
Committed	-	-	-	-
<i>Total Fund Balance</i>	<u>94,827</u>	<u>-</u>	<u>55,118</u>	<u>2,512</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 123,329</u>	<u>\$ 2,285</u>	<u>\$ 61,960</u>	<u>\$ 2,512</u>



PEG Capital Fees	Library Development Fund	Totals
\$ 15,852	\$ 208	\$ 54,542
14,502	209,482	1,536,879
-	-	7,787
9,980	-	177,319
-	-	160
-	-	16,852
<u>\$ 40,334</u>	<u>\$ 209,690</u>	<u>\$ 1,793,539</u>

\$ -	\$ -	\$ 30,298
-	-	7,162
-	-	160
-	-	21,542
-	-	4,886
<u>-</u>	<u>-</u>	<u>64,048</u>

-	-	16,852
-	-	1,104,904
-	-	344,086
40,334	209,690	252,536
-	-	11,113
<u>40,334</u>	<u>209,690</u>	<u>1,729,491</u>
<u>\$ 40,334</u>	<u>\$ 209,690</u>	<u>\$ 1,793,539</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Occupancy Tax Fund	Coliseum Fund	Aquatic Center Fund	Municipal Court Security Fund
<b>REVENUES</b>				
Taxes	\$ 371,146	\$ 159,500	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	78,308	91,766	-
Fines and Forfeits	-	-	-	24,961
Interest	206	116	-	76
Miscellaneous	-	5	-	-
<b>TOTAL REVENUES</b>	<u>371,352</u>	<u>237,929</u>	<u>91,766</u>	<u>25,037</u>
<b>EXPENDITURES</b>				
Current:				
General Government	101,750	231,424	83,069	-
Nondepartmental	-	-	-	25,787
Capital Outlay	-	-	28,915	3,687
<b>TOTAL EXPENDITURES</b>	<u>101,750</u>	<u>231,424</u>	<u>111,984</u>	<u>29,474</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	269,602	6,505	(20,218)	(4,437)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	269,602	6,505	(20,218)	(4,437)
<b>FUND BALANCE, OCTOBER 1</b>	<u>607,088</u>	<u>130,732</u>	<u>31,331</u>	<u>83,217</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u><u>\$ 876,690</u></u>	<u><u>\$ 137,237</u></u>	<u><u>\$ 11,113</u></u>	<u><u>\$ 78,780</u></u>

<u>Municipal Court Technology</u>	<u>Federal Forfeiture Seizure Fund</u>	<u>State Forfeiture Seizure Fund</u>	<u>Juvenile Case Manager</u>	<u>DARE Program Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	30,831
-	-	-	-	-
33,399	10,084	6,367	39,034	-
2	9	12	-	102
-	-	-	-	-
<u>33,401</u>	<u>10,093</u>	<u>6,379</u>	<u>39,034</u>	<u>30,933</u>
14,808	-	617	-	29,244
-	-	-	-	-
<u>4,020</u>	<u>2,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>18,828</u>	<u>2,750</u>	<u>617</u>	<u>-</u>	<u>29,244</u>
14,573	7,343	5,762	39,034	1,689
-	-	-	(39,414)	-
-	-	-	(39,414)	-
14,573	7,343	5,762	(380)	1,689
<u>31,612</u>	<u>14,444</u>	<u>38,610</u>	<u>380</u>	<u>109,157</u>
<u>\$ 46,185</u>	<u>\$ 21,787</u>	<u>\$ 44,372</u>	<u>\$ -</u>	<u>\$ 110,846</u>

CITY OF SEGUIN, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Convention & Visitors Bureau Fund	Sebastopol House	Police Department Donations	Seguin Arts Commission
<b>REVENUES</b>				
Taxes	\$ 280,500	\$ 27,360	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest	82	-	64	-
Miscellaneous	15,564	1,643	-	3,012
	<u>296,146</u>	<u>29,003</u>	<u>64</u>	<u>3,012</u>
<b>TOTAL REVENUES</b>				
	<u>296,146</u>	<u>29,003</u>	<u>64</u>	<u>3,012</u>
<b>EXPENDITURES</b>				
Current:				
General Government	219,581	31,305	-	500
Nondepartmental	-	-	-	-
Capital Outlay	-	-	-	-
	<u>219,581</u>	<u>31,305</u>	<u>-</u>	<u>500</u>
<b>TOTAL EXPENDITURES</b>				
	<u>219,581</u>	<u>31,305</u>	<u>-</u>	<u>500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	76,565	(2,302)	64	2,512
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	76,565	(2,302)	64	2,512
<b>FUND BALANCE, OCTOBER 1</b>	<u>18,262</u>	<u>2,302</u>	<u>55,054</u>	<u>-</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 94,827</u>	<u>\$ -</u>	<u>\$ 55,118</u>	<u>\$ 2,512</u>

PEG Capital Fees	Library Development Fund	Totals
\$ 40,334	\$ -	\$ 878,840
-	-	30,831
-	-	170,074
-	-	113,846
-	239	908
-	-	20,223
40,334	239	1,214,722
-	-	712,298
-	-	25,787
-	-	39,372
-	-	777,457
40,334	239	437,265
-	-	(39,414)
-	-	(39,414)
40,334	239	397,851
-	209,451	1,331,640
\$ 40,334	\$ 209,690	\$ 1,729,491

CITY OF SEGUIN, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2012

	General Fund Capital Projects	2008 GO Bonds	Golf Course Capital Projects	2007 Bond Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 17,007	\$ -	\$ 602	\$ 25
Investments	1,728,176	-	155,983	44,778
Receivables, Net	317,510	-	1,298	-
Restricted Cash and Investments	-	1,318,250	-	-
Prepaid Items	6,000	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 2,068,693</u>	<u>\$ 1,318,250</u>	<u>\$ 157,883</u>	<u>\$ 44,803</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 87,326	\$ 148,427	\$ -	\$ -
Due to Other Funds	-	-	-	-
<i>Total Liabilities</i>	<u>87,326</u>	<u>148,427</u>	<u>-</u>	<u>-</u>
<i>Fund Balances:</i>				
Nonspendable	6,000	-	-	-
Restricted for Capital Projects	-	1,169,823	-	-
Assigned to Capital Projects	1,975,367	-	157,883	44,803
<i>Total Fund Balance</i>	<u>1,981,367</u>	<u>1,169,823</u>	<u>157,883</u>	<u>44,803</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 2,068,693</u>	<u>\$ 1,318,250</u>	<u>\$ 157,883</u>	<u>\$ 44,803</u>

2011 Bond Fund	Miscellaneous Project Funds	Total
\$ -	\$ 21,814	\$ 39,448
-	94,471	2,023,408
-	150,000	468,808
2,899,392	-	4,217,642
-	-	6,000
<u>\$ 2,899,392</u>	<u>\$ 266,285</u>	<u>\$ 6,755,306</u>

\$ 10,749	\$ 10,021	\$ 256,523
-	140,015	140,015
<u>10,749</u>	<u>150,036</u>	<u>396,538</u>

-	-	6,000
2,888,643	111,096	4,169,562
-	5,153	2,183,206
<u>2,888,643</u>	<u>116,249</u>	<u>6,358,768</u>

<u>\$ 2,899,392</u>	<u>\$ 266,285</u>	<u>\$ 6,755,306</u>
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CITY OF SEGUIN, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund Capital Projects	2008 GO Bonds	Golf Course Capital Projects	2007 Bond Fund
<b>REVENUES</b>				
Intergovernmental	\$ 509,409	\$ -	\$ -	\$ -
Charges for Services	-	-	50,335	-
Interest	2,914	3,230	120	47
Miscellaneous	40,767	-	-	-
<b>TOTAL REVENUES</b>	<u>553,090</u>	<u>3,230</u>	<u>50,455</u>	<u>47</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Public Service	533,772	-	-	-
Capital Outlay	1,034,202	662,413	450	25,077
Debt Service:				
Principal	76,149	-	7,502	-
Interest & Fiscal Charges	7,218	-	1,195	-
Bond Issue Costs	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,651,341</u>	<u>662,413</u>	<u>9,147</u>	<u>25,077</u>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<u>(1,098,251)</u>	<u>(659,183)</u>	<u>41,308</u>	<u>(25,030)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	1,225,510	-	-	-
Proceeds of Bond Issues	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,225,510</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	127,259	(659,183)	41,308	(25,030)
<b>FUND BALANCE, OCTOBER 1</b>	<u>1,854,108</u>	<u>1,829,006</u>	<u>116,575</u>	<u>69,833</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 1,981,367</u>	<u>\$ 1,169,823</u>	<u>\$ 157,883</u>	<u>\$ 44,803</u>



2011 Bond Fund	Miscellaneous Project Funds	Total
\$ -	\$ 150,000	\$ 659,409
-	24,471	74,806
6,292	89	12,692
-	-	40,767
6,292	174,560	787,674
-	-	533,772
451,542	167,123	2,340,807
-	-	83,651
-	-	8,413
128,613	-	128,613
580,155	167,123	3,095,256
(573,863)	7,437	(2,307,582)
(10,749)	-	1,214,761
3,473,255	-	3,473,255
3,462,506	-	4,688,016
2,888,643	7,437	2,380,434
-	108,812	3,978,334
\$ 2,888,643	\$ 116,249	\$ 6,358,768

CITY OF SEGUIN, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
OCCUPANCY TAX FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual amounts for 2011)

	Final Budgeted Amounts	2012	Variance Favorable (Unfavorable)	2011
<b>REVENUES</b>				
Occupancy Tax	\$ 45,024	\$ 371,146	\$ 326,122	\$ 617,609
Interest	50	206	156	(367)
<b>TOTAL REVENUES</b>	<u>45,074</u>	<u>371,352</u>	<u>326,278</u>	<u>617,242</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government:</i>				
Contributions to Local Organizations	101,750	101,750	-	266,250
<b>TOTAL EXPENDITURES</b>	<u>101,750</u>	<u>101,750</u>	<u>-</u>	<u>266,250</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(56,676)</u>	<u>269,602</u>	<u>326,278</u>	<u>350,992</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	-	(9,000)
<b>Net Change in Fund Balance</b>	(56,676)	269,602	326,278	341,992
<b>FUND BALANCE, OCTOBER 1</b>	<u>607,088</u>	<u>607,088</u>	<u>-</u>	<u>265,096</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 550,412</u>	<u>\$ 876,690</u>	<u>\$ 326,278</u>	<u>\$ 607,088</u>

CITY OF SEGUIN, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
COLISEUM FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual amounts for 2011)

	Final Budgeted Amounts	2012	Variance Favorable (Unfavorable)	2011
<b>REVENUES</b>				
Occupancy Tax	\$ 159,500	\$ 159,500	\$ -	\$ 130,500
Charges for Services	83,000	78,308	(4,692)	82,554
Interest	100	116	16	131
Miscellaneous	-	5	5	-
<b>TOTAL REVENUES</b>	<u>242,600</u>	<u>237,929</u>	<u>(4,671)</u>	<u>213,185</u>
<b>EXPENDITURES</b>				
<i>General Government/Facilities &amp; Grounds:</i>				
Personnel Services	53,879	49,416	4,463	50,470
Contracted Services	165,595	165,209	386	153,044
Supplies	9,700	7,363	2,337	7,902
Other Services and Charges	9,321	9,436	(115)	59,090
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>238,495</u>	<u>231,424</u>	<u>7,071</u>	<u>270,506</u>
<b>Net Change in Fund Balance</b>	4,105	6,505	2,400	(57,321)
<b>FUND BALANCE, OCTOBER 1</b>	<u>130,732</u>	<u>130,732</u>	<u>-</u>	<u>188,053</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 134,837</u>	<u>\$ 137,237</u>	<u>\$ 2,400</u>	<u>\$ 130,732</u>

CITY OF SEGUIN, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
AQUATIC CENTER FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual amounts for 2010)

	Final Budgeted Amounts	2012	Variance Favorable (Unfavorable)	2011
<b>REVENUES</b>				
Charges for Services	\$ 91,000	\$ 91,766	\$ 766	\$ 94,896
Interest	20	-	(20)	(32)
<b>TOTAL REVENUES</b>	<u>91,020</u>	<u>91,766</u>	<u>746</u>	<u>94,864</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government/ Parks &amp; Recreation</i>				
Personnel Services	43,130	44,743	(1,613)	41,040
Contracted Services	28,535	20,718	7,817	27,540
Supplies	18,350	17,608	742	18,366
Capital Outlay	30,100	28,915	1,185	-
<b>TOTAL EXPENDITURES</b>	<u>120,115</u>	<u>111,984</u>	<u>8,131</u>	<u>86,946</u>
<b>Net Change in Fund Balance</b>	(29,095)	(20,218)	8,877	7,918
<b>FUND BALANCE, OCTOBER 1</b>	<u>31,331</u>	<u>31,331</u>	<u>-</u>	<u>23,413</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 2,236</u>	<u>\$ 11,113</u>	<u>\$ 8,877</u>	<u>\$ 31,331</u>

CITY OF SEGUIN, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
CONVENTION & VISITORS BUREAU  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual Amounts for 2011)

	Final Budgeted Amounts	2012	Variance Favorable (Unfavorable)	2011
<b>REVENUES</b>				
Occupancy Tax	\$ 280,500	\$ 280,500	\$ -	\$ 33,000
Interest	100	82	(18)	(2)
Miscellaneous	-	15,564	15,564	-
<b>TOTAL REVENUES</b>	<u>280,600</u>	<u>296,146</u>	<u>15,546</u>	<u>32,998</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Government	<u>280,500</u>	<u>219,581</u>	<u>60,919</u>	<u>14,736</u>
<b>TOTAL EXPENDITURES</b>	<u>280,500</u>	<u>219,581</u>	<u>60,919</u>	<u>14,736</u>
<b>Net Change in Fund Balance</b>	100	76,565	76,465	18,262
<b>FUND BALANCE, OCTOBER 1</b>	<u>18,262</u>	<u>18,262</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 18,362</u>	<u>\$ 94,827</u>	<u>\$ 76,465</u>	<u>\$ 18,262</u>

CITY OF SEGUIN, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
SEBASTOPOL HOUSE  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual Amounts for 2011)

	Final Budgeted Amounts	2012	Variance Favorable (Unfavorable)	2011
<b>REVENUES</b>				
Occupancy Tax	\$ 64,976	\$ 27,360	\$ (37,616)	\$ 5,476
Miscellaneous	50	1,643	1,593	31
<b>TOTAL REVENUES</b>	65,026	29,003	(36,023)	5,507
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Government	64,976	31,305	33,671	3,205
<b>TOTAL EXPENDITURES</b>	64,976	31,305	33,671	3,205
<b>Net Change in Fund Balance</b>	50	(2,302)	(2,352)	2,302
<b>FUND BALANCE, OCTOBER 1</b>	2,302	2,302	-	-
<b>FUND BALANCE, SEPTEMBER 30</b>	<u>\$ 2,352</u>	<u>\$ -</u>	<u>\$ (2,352)</u>	<u>\$ 2,302</u>

CITY OF SEGUIN, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
POLICE DONATIONS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual amounts for 2011)

	Final Budgeted Amounts	<b>2012</b>	Variance Favorable (Unfavorable)	2011
<b>REVENUES</b>				
Interest	\$ 50	\$ 64	\$ 14	\$ 79
<b>TOTAL REVENUES</b>	<u>50</u>	<u>64</u>	<u>14</u>	<u>79</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<i>General Government:</i>				
Supplies	-	-	-	-
Capital Outlay	55,000	-	55,000	15,610
<b>TOTAL EXPENDITURES</b>	<u>55,000</u>	<u>-</u>	<u>55,000</u>	<u>15,610</u>
<b>Net Change in Fund Balance</b>	(54,950)	64	55,014	(15,531)
<b>FUND BALANCE, OCTOBER 1</b>	<u>55,054</u>	<u>55,054</u>	<u>-</u>	<u>70,585</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u><u>\$ 104</u></u>	<u><u>\$ 55,118</u></u>	<u><u>\$ 55,014</u></u>	<u><u>\$ 55,054</u></u>

CITY OF SEGUIN, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
PEG CAPITAL FEES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Actual amounts for 2011)

	Final Budgeted Amounts	<b>2012</b>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Franchise Tax	\$ 45,000	\$ 40,334	\$ (4,666)
<b>TOTAL REVENUES</b>	<u>45,000</u>	<u>40,334</u>	<u>(4,666)</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
<i>General Government:</i>			
Contracted Services	<u>45,000</u>	<u>-</u>	<u>45,000</u>
<b>TOTAL EXPENDITURES</b>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
<b>Net Change in Fund Balance</b>	-	40,334	40,334
<b>FUND BALANCE, OCTOBER 1</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, SEPTEMBER 30</b>	<u><u>\$ -</u></u>	<u><u>\$ 40,334</u></u>	<u><u>\$ 40,334</u></u>



CITY OF SEGUIN, TEXAS  
COMPARATIVE STATEMENTS OF NET ASSETS  
UTILITY FUND  
SEPTEMBER 30, 2012 AND 2011

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
<i>Current Assets:</i>		
Cash and Cash Equivalents		
Restricted Cash	\$ 8,075	\$ 30,527
Unrestricted Cash	303,095	109,058
Investments		
Restricted Investments	10,224,252	11,243,357
Unrestricted Investments	25,165,044	23,375,263
Accounts Receivable (Net)	4,467,641	4,913,443
Miscellaneous Receivables	1,268,278	2,611,212
Due from Component Unit	18,575	15,084
Inventories	1,569,302	1,478,352
Prepaid Items	65,271	43,202
<i>Total Current Assets</i>	<u>43,089,533</u>	<u>43,819,498</u>
Net Pension Asset	600,518	489,211
Bond Issuance Costs (Net)	548,968	606,110
Net Present Value of Lease Financing	648,998	682,146
Capital Assets	89,770,490	85,716,757
Accumulated Depreciation	(46,786,987)	(43,932,592)
<b>TOTAL ASSETS</b>	<u><u>\$ 87,871,520</u></u>	<u><u>\$ 87,381,130</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 2,006,861	\$ 2,955,763
Accrued Wages and Benefits	827,567	345,510
Net Other Post Employment Benefit Obligation	23,234	13,354
Unearned Revenue	69,479	223,732
Customer Deposits	555,913	586,115
Capital Leases Payable-Current Portion	20,958	21,506
<i>Total Current Liabilities</i>	<u>3,504,012</u>	<u>4,145,980</u>
<i>Payable from Restricted Assets:</i>		
Accrued Interest Payable	145,368	156,398
Revenue Bonds Due Within One Year	948,090	910,000
Capital Leases Payable (Net of Current Maturities)	101,856	122,814
Compensated Absences	120,898	121,521
Revenue Bonds Payable (Net of Current Maturities)	20,853,353	21,832,862
<i>Total Liabilities</i>	<u>25,673,577</u>	<u>27,289,575</u>
<i>Net Assets:</i>		
Invested in Capital Assets, Net of Related Debt	27,668,999	26,908,429
Restricted for:		
Debt Service	2,236,280	2,210,790
Impact Fees	1,003,278	705,608
Unrestricted	31,289,386	30,266,728
<i>Total Net Assets</i>	<u>62,197,943</u>	<u>60,091,555</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 87,871,520</u></u>	<u><u>\$ 87,381,130</u></u>

CITY OF SEGUIN, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
UTILITY FUND  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

<b>OPERATING REVENUES</b>	<b>2012</b>	<b>2011</b>
Charges for Services:		
Electric	\$ 25,975,472	\$ 26,863,134
Water	8,484,403	8,227,990
Sewer	5,374,217	5,077,730
Miscellaneous Revenues	1,629,761	3,042,245
<b>TOTAL OPERATING REVENUES</b>	<b>41,463,853</b>	<b>43,211,099</b>
<b>OPERATING EXPENSES</b>		
Administration	1,588,167	1,498,702
Operation and Maintenance:		
Electric Distribution	21,092,786	20,772,630
Utility Services	698,410	
Water Production	4,917,659	4,857,815
Water/Sewer Maintenance	3,458,880	3,131,732
Sewer Plant	1,901,363	1,766,349
Economic Development	292,650	258,299
Facilities Maintenance	463,326	548,814
Information Technology	157,592	146,537
City Attorney	117,222	84,127
Nondepartmental	478,796	409,990
Indirect Cost Allocation	3,430,197	3,288,861
<b>TOTAL OPERATING EXPENSES</b>	<b>38,597,048</b>	<b>36,763,856</b>
Operating Income (Loss)	<b>2,866,805</b>	<b>6,447,243</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	67,211	37,921
Gain (Loss) on Sale of Assets	(6,483)	62,802
Interest and Fiscal Charges	(944,857)	(961,171)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(884,129)</b>	<b>(860,448)</b>
Net Income (Loss) before Contributions and Transfers	<b>1,982,676</b>	<b>5,586,795</b>
Capital Contributions	40,454	257,571
Transfers In (Out)	83,258	(804,934)
	123,712	(547,363)
Special Items	-	7,000,000
Change in Net Assets	<b>2,106,388</b>	<b>12,039,432</b>
Net Assets at Beginning of Year	<b>60,091,555</b>	<b>48,052,123</b>
Net Assets at End of Year	<b>\$ 62,197,943</b>	<b>\$ 60,091,555</b>

CITY OF SEGUIN, TEXAS  
COMPARATIVE STATEMENTS OF CASH FLOWS  
UTILITY FUND  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Customers	\$ 43,068,134	\$ 48,583,308
Cash Paid for Employee Wages and Benefits	(5,306,133)	(5,111,431)
Cash Paid to Suppliers for Goods and Services	(27,673,865)	(25,684,282)
Cash Paid General Fund for Indirect Costs	(3,430,197)	(3,288,861)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>6,657,939</b>	<b>14,498,734</b>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Transfers From Other Funds	125,486	-
Transfers (To) Other Funds	(42,228)	(774,329)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>83,258</b>	<b>(774,329)</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase/Construction of Capital Assets	(4,034,312)	(4,564,621)
Proceeds from Revenue Bonds	-	7,848,271
Proceeds from Refunding Bonds	1,540,582	-
Payments to Refunding Escrow Agent	(1,537,280)	-
Principal Payments on Long-Term Debt	(904,521)	(805,000)
Interest and Fiscal Charges Paid	(930,583)	(882,576)
Bond Issue Costs	(8,984)	(248,271)
Principal Payments on Capital Leases	(21,506)	(20,226)
Advances To (From) Component Unit	(3,491)	(1,832)
Proceeds from Sale of Capital Assets	800	77,851
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(5,899,295)</b>	<b>1,403,596</b>
<b>Cash Flows From Investing Activities:</b>		
Sale/(Purchase) of Investment Securities	(770,676)	(15,471,632)
Investment Interest Received	67,211	37,921
Lease Financing - Principal Payments Received	33,148	32,421
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(670,317)</b>	<b>(15,401,290)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>171,585</b>	<b>(273,289)</b>
<b>Cash and Equivalents at Beginning of Year:</b>		
Cash and Cash Equivalents	109,058	403,585
Restricted Cash and Cash Equivalents	30,527	9,289
	<b>139,585</b>	<b>412,874</b>
<b>Cash and Equivalents at End of Year:</b>		
Cash and Cash Equivalents	303,095	109,058
Restricted Cash and Cash Equivalents	8,075	30,527
	<b>\$ 311,170</b>	<b>\$ 139,585</b>

CITY OF SEGUIN, TEXAS  
COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)  
UTILITY FUND  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided by Operating Activities:</b>		
Operating Income	\$ 2,866,805	\$ 6,447,243
Adjustments to reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	2,868,144	2,761,220
Special Item - Contract Buy-out	-	7,000,000
(Increase) Decrease in Operating Assets:		
Accounts Receivable	1,788,736	(1,627,791)
Inventory/Prepaid Items	(113,019)	(134,455)
Net Pension Asset	(111,307)	(374,861)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(948,902)	661,130
Accrued Expenses	482,057	5,054
Net Other Postemployment Benefit Obligation	9,880	4,618
Unearned Revenue	(154,253)	(178,241)
Customer Deposits	(30,202)	(65,183)
	<u>\$ 6,657,939</u>	<u>\$ 14,498,734</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>Transactions Not Affecting Cash and Cash Equivalents:</b>		
Developer Contributions - Capital Assets	\$ 40,454	\$ 257,571
Net Book Value of Capital Assets transferred to		
Governmental Activities	<u>-</u>	<u>(30,605)</u>
	<u>\$ 40,454</u>	<u>\$ 226,966</u>
<b>Total Noncash Activities</b>		

CITY OF SEGUIN, TEXAS  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
UTILITY FUND  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<i>Administration:</i>		
Personnel Services	\$ 1,378,620	\$ 1,298,082
Contracted Services	84,550	79,066
Supplies and Materials	79,331	76,595
Other Charges	37,895	37,188
Depreciation	7,771	7,771
<i>Total Administration</i>	<u>1,588,167</u>	<u>1,498,702</u>
<i>Electric Production and Distribution:</i>		
Personnel Services	512,565	1,154,472
Contracted Services	1,253,104	1,262,212
Supplies and Materials	18,700,439	17,835,367
Other Charges	106,701	31,741
Depreciation	519,977	488,838
<i>Total Electric Production and Distribution</i>	<u>21,092,786</u>	<u>20,772,630</u>
<i>Utility Services</i>		
Personnel Services	541,492	-
Contracted Services	138,155	-
Supplies and Materials	17,819	-
Other Charges	944	-
<i>Total Utility Services</i>	<u>698,410</u>	<u>-</u>
<i>Water Production:</i>		
Personnel Services	567,506	564,165
Contracted Services	3,899,446	3,865,649
Supplies and Materials	92,006	89,183
Other Charges	8,969	14,508
Depreciation	349,732	324,310
<i>Total Water Production</i>	<u>4,917,659</u>	<u>4,857,815</u>
<i>Water/Sewer Maintenance:</i>		
Personnel Services	541,181	431,252
Contracted Services	1,028,349	959,379
Supplies and Materials	48,423	45,117
Other Charges	563,628	453,663
Depreciation	1,277,299	1,242,321
<i>Total Water/Sewer Maintenance</i>	<u>3,458,880</u>	<u>3,131,732</u>
<i>Sewer Plant:</i>		
Personnel Services	404,758	380,776
Contracted Services	746,447	660,508
Supplies and Materials	83,727	60,020
Other Charges	3,307	4,093
Depreciation	663,124	660,952
<i>Total Sewer Plant</i>	<u>\$ 1,901,363</u>	<u>\$ 1,766,349</u>

CITY OF SEGUIN, TEXAS  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)  
UTILITY FUND  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<i>Economic Development:</i>		
Personnel Services	\$ 270,113	\$ 235,020
Contracted Services	9,092	5,213
Supplies and Materials	1,159	361
Other Charges	12,286	17,705
<i>Total Economic Development</i>	<u>292,650</u>	<u>258,299</u>
<i>Facilities Maintenance:</i>		
Personnel Services	431,159	522,891
Contracted Services	7,453	1,789
Supplies and Materials	22,368	19,524
Other Charges	262	448
Depreciation	2,084	4,162
<i>Total Facilities Maintenance</i>	<u>463,326</u>	<u>548,814</u>
<i>Information Technology:</i>		
Personnel Services	102,445	95,139
Contracted Services	52,117	49,286
Supplies and Materials	1,180	1,076
Other Charges	1,850	1,036
<i>Total Information Technology</i>	<u>157,592</u>	<u>146,537</u>
<i>City Attorney:</i>		
Personnel Services	64,980	64,444
Contracted Services	51,170	18,245
Supplies and Materials	229	34
Other Charges	843	1,404
<i>Total City Attorney</i>	<u>117,222</u>	<u>84,127</u>
<i>Nondepartmental:</i>		
Contracted Services	178,710	187,517
Supplies and Materials	45,952	67,823
Other Charges	205,977	121,782
Depreciation	48,157	32,868
<i>Total Nondepartmental</i>	<u>478,796</u>	<u>409,990</u>
Indirect Cost Allocation	<u>3,430,197</u>	<u>3,288,861</u>
Total Operating Expenses	<u>\$ 38,597,048</u>	<u>\$ 36,763,856</u>

CITY OF SEGUIN, TEXAS  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2012  
(With Comparative Amounts for 2011)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2012	2011
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,981	\$ 672	\$ 662	\$ 7,315	\$ 15,778
Investments	21,258	175,614	325,965	522,837	778,096
Miscellaneous Receivables	-	6,082	-	6,082	6,290
Prepaid Items	187,026	7,446		194,472	-
<b>TOTAL ASSETS</b>	<u>\$ 214,265</u>	<u>\$ 189,814</u>	<u>\$ 326,627</u>	<u>\$ 730,706</u>	<u>\$ 800,164</u>
<b>LIABILITIES AND NET ASSETS</b>					
Accounts Payable	\$ 6,427	\$ 6,122	\$ -	\$ 12,549	\$ 7,435
Total Liabilities	<u>6,427</u>	<u>6,122</u>	<u>-</u>	<u>12,549</u>	<u>7,435</u>
Net Assets:					
Unrestricted	<u>207,838</u>	<u>183,692</u>	<u>326,627</u>	<u>718,157</u>	<u>792,729</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 214,265</u>	<u>\$ 189,814</u>	<u>\$ 326,627</u>	<u>\$ 730,706</u>	<u>\$ 800,164</u>

CITY OF SEGUIN, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS – INTERNAL SERVICE FUNDS  
YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Amounts for 2011)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2012	2011
<b>OPERATING REVENUES</b>					
Charges for Premiums	\$ 2,268,682	\$ 39,721	\$ 265,470	<b>\$ 2,573,873</b>	\$ 2,351,868
Miscellaneous Revenues	361	-	-	<b>361</b>	17,215
<b>TOTAL OPERATING REVENUES</b>	<u>2,269,043</u>	<u>39,721</u>	<u>265,470</u>	<u><b>2,574,234</b></u>	<u>2,369,083</u>
<b>OPERATING EXPENSES</b>					
Premiums	2,409,320	91,608	192,024	<b>2,692,952</b>	2,525,798
Administration	44,200	-	-	<b>44,200</b>	27,422
<b>TOTAL OPERATING EXPENSES</b>	<u>2,453,520</u>	<u>91,608</u>	<u>192,024</u>	<u><b>2,737,152</b></u>	<u>2,553,220</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(184,477)</u>	<u>(51,887)</u>	<u>73,446</u>	<u><b>(162,918)</b></u>	<u>(184,137)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest Income	241	229	85	<b>555</b>	637
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>241</u>	<u>229</u>	<u>85</u>	<u><b>555</b></u>	<u>637</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	(184,236)	(51,658)	73,531	<b>(162,363)</b>	(183,500)
<b>Transfers In (Out)</b>	<u>-</u>	<u>87,791</u>	<u>-</u>	<u><b>87,791</b></u>	<u>376,977</u>
<b>CHANGE IN NET ASSETS</b>	(184,236)	36,133	73,531	<b>(74,572)</b>	193,477
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>392,074</u>	<u>147,559</u>	<u>253,096</u>	<u><b>792,729</b></u>	<u>599,252</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 207,838</u></u>	<u><u>\$ 183,692</u></u>	<u><u>\$ 326,627</u></u>	<u><u><b>\$ 718,157</b></u></u>	<u><u>\$ 792,729</u></u>



CITY OF SEGUIN, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED SEPTEMBER 30, 2012  
(With Comparative Amounts for 2011)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2012	2011
<b>Cash Flows From Operating Activities:</b>					
Cash Received from Interfund Services	\$ 1,714,670	\$ 24,389	\$ 265,470	<b>\$ 2,004,529</b>	\$ 1,778,679
Cash Paid from Users	554,373	15,540	-	<b>569,913</b>	590,642
Cash Paid for Employee Benefits	<u>(2,635,224)</u>	<u>(99,262)</u>	<u>(192,024)</u>	<b><u>(2,926,510)</u></b>	<u>(2,555,231)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(366,181)</u>	<u>(59,333)</u>	<u>73,446</u>	<b><u>(352,068)</u></b>	<u>(185,910)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Operating Transfers from/to Other Funds	-	87,791	-	<b>87,791</b>	376,977
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>-</u>	<u>87,791</u>	<u>-</u>	<b><u>87,791</u></b>	<u>376,977</u>
<b>Cash Flows From Investing Activities:</b>					
Sale/(Purchase) of Investments	361,838	(30,913)	(75,666)	<b>255,259</b>	(323,182)
Investment Interest Received	<u>241</u>	<u>229</u>	<u>85</u>	<b><u>555</u></b>	<u>636</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>362,079</u>	<u>(30,684)</u>	<u>(75,581)</u>	<b><u>255,814</u></b>	<u>(322,546)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(4,102)	(2,226)	(2,135)	<b>(8,463)</b>	(131,479)
<b>Cash and Equivalents at Beginning of Year:</b>	<u>10,083</u>	<u>2,898</u>	<u>2,797</u>	<b><u>15,778</u></b>	<u>147,257</u>
<b>Cash and Equivalents at End of Year</b>	<u><u>\$ 5,981</u></u>	<u><u>\$ 672</u></u>	<u><u>\$ 662</u></u>	<b><u><u>\$ 7,315</u></u></b>	<u><u>\$ 15,778</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ (184,477)	\$ (51,887)	\$ 73,446	<b>\$ (162,918)</b>	\$ (184,137)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in					
Prepaid Items	(187,026)	(7,446)	-	<b>(194,472)</b>	-
Miscellaneous Receivables	-	208	-	<b>208</b>	238
Increase (Decrease) in					
Accounts Payable	<u>5,322</u>	<u>(208)</u>	<u>-</u>	<b><u>5,114</u></b>	<u>(2,011)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ (366,181)</u></u>	<u><u>\$ (59,333)</u></u>	<u><u>\$ 73,446</u></u>	<b><u><u>\$ (352,068)</u></u></b>	<u><u>\$ (185,910)</u></u>

CITY OF SEGUIN, TEXAS  
 COMBINING STATEMENT OF NET ASSETS  
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS  
 SEPTEMBER 30, 2012

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 40	\$ -	\$ 1,238	\$ 400	\$ 1,678
Investments	87,677	89,854	261,502	24,610	463,643
Notes Receivable	-	-	9,616	-	9,616
Inventory	-	-	359,431	-	359,431
<b>TOTAL ASSETS</b>	<u>\$ 87,717</u>	<u>\$ 89,854</u>	<u>\$ 631,787</u>	<u>\$ 25,010</u>	<u>\$ 834,368</u>
<b>LIABILITIES &amp; NET ASSETS</b>					
<i>Liabilities:</i>					
Due to Others	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets Held in Trust	<u>87,717</u>	<u>89,854</u>	<u>631,787</u>	<u>25,010</u>	<u>834,368</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 87,717</u>	<u>\$ 89,854</u>	<u>\$ 631,787</u>	<u>\$ 25,010</u>	<u>\$ 834,368</u>

CITY OF SEGUIN, TEXAS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
<b>ADDITIONS</b>					
Interest	\$ 103	\$ 103	\$ 584	\$ 33	\$ 823
Private Source Donations	-	-	-	1,000	1,000
<b>TOTAL ADDITIONS</b>	<u>103</u>	<u>103</u>	<u>584</u>	<u>1,033</u>	<u>1,823</u>
<b>DEDUCTIONS</b>					
Distribution to Participants	<u>6,600</u>	<u>110</u>	<u>-</u>	<u>8,600</u>	<u>15,310</u>
<b>TOTAL DEDUCTIONS</b>	<u>6,600</u>	<u>110</u>	<u>-</u>	<u>8,600</u>	<u>15,310</u>
<b>Change in Net Assets</b>	(6,497)	(7)	584	(7,567)	(13,487)
<b>Net Assets, Beginning of Year</b>	<u>94,214</u>	<u>89,861</u>	<u>631,203</u>	<u>32,577</u>	<u>847,855</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 87,717</u></u>	<u><u>\$ 89,854</u></u>	<u><u>\$ 631,787</u></u>	<u><u>\$ 25,010</u></u>	<u><u>\$ 834,368</u></u>

CITY OF SEGUIN, TEXAS  
STATEMENT OF CHANGES IN NET ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Evidence/Abandoned Funds	Balance September 30, 2011	Additions	Deductions	Balance September 30, 2012
<i>Assets:</i>				
Cash and Equivalents	\$ 9,520	\$ 156	\$ -	\$ 9,676
<i>Liabilities</i>				
Due to Others	\$ 9,520	\$ 156	\$ -	\$ 9,676

CITY OF SEGUIN, TEXAS  
STATISTICAL SECTION  
SEPTEMBER 30, 2012

This part of the City of Seguin's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Seguin's overall financial health.

Financial Trends

Net Assets by Component  
Changes in Net Assets  
Fund Balances, Governmental Funds  
Changes in Fund Balances, Governmental Funds

*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Revenue Capacity

Tax Revenues by Source, Governmental Funds  
Assessed Value and Actual Value of Property  
Direct and Overlapping Property Tax Rates  
Principal Property Taxpayers  
Property Tax Levies and Collections

*These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax.*

Debt Capacity

Ratios of Outstanding Debt by Type  
Ratios of General Bonded Debt Outstanding  
Direct and Overlapping Governmental Activities Debt  
Legal Debt Margin  
Pledged Revenue Coverage

*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

Demographic and Economic Information

Demographic and Economic Statistics  
Principal Employers

*These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.*

Operating Information

Operating Indicators by Function  
Capital Asset Statistics by Function  
Full-time Equivalent City Government Employees by Function

*These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.*

CITY OF SEGUIN, TEXAS  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005*	2006
<i>Governmental Activities:</i>				
Invested in Capital Assets,				
Net of Related Debt	\$ 9,048,946	\$ 9,946,886	\$ 18,218,707	\$ 18,715,795
Restricted	763,273	485,625	531,129	609,630
Unrestricted	10,265,236	10,992,104	11,229,069	11,781,168
<i>Total Governmental Activities</i>				
<i>Net Assets</i>	<u>\$ 20,077,455</u>	<u>\$ 21,424,615</u>	<u>\$ 29,978,905</u>	<u>\$ 31,106,593</u>
<i>Business-Type Activities:</i>				
Invested in Capital Assets,				
Net of Related Debt	\$ 23,580,996	\$ 25,155,359	\$ 24,780,987	\$ 24,719,893
Restricted	5,684,314	3,511,096	942,452	839,601
Unrestricted	4,168,682	4,632,692	7,872,375	11,147,862
<i>Total Business-Type Activities</i>				
<i>Net Assets</i>	<u>\$ 33,433,992</u>	<u>\$ 33,299,147</u>	<u>\$ 33,595,814</u>	<u>\$ 36,707,356</u>
<i>Primary Government:</i>				
Invested in Capital Assets,				
Net of Related Debt	\$ 32,629,942	\$ 35,102,245	\$ 42,999,694	\$ 43,435,688
Restricted	6,447,587	3,996,721	1,473,581	1,449,231
Unrestricted	14,433,918	15,624,796	19,101,444	22,929,030
<i>Total Primary Government</i>				
<i>Net Assets</i>	<u>\$ 53,511,447</u>	<u>\$ 54,723,762</u>	<u>\$ 63,574,719</u>	<u>\$ 67,813,949</u>

\*Includes retroactive reporting of infrastructure assets.

TABLE 1

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 21,202,151	\$ 18,958,130	\$ 18,647,949	\$ 19,035,061	\$ 22,058,500	\$ 21,979,540
791,109	970,062	1,091,155	1,243,295	2,399,602	2,793,614
10,218,373	12,007,988	12,458,567	13,388,718	14,330,381	25,900,808
<u>\$ 32,211,633</u>	<u>\$ 31,936,180</u>	<u>\$ 32,197,671</u>	<u>\$ 33,667,074</u>	<u>\$ 38,788,483</u>	<u>\$ 50,673,962</u>
\$ 24,767,252	\$ 24,502,485	\$ 25,817,049	\$ 26,030,163	\$ 26,908,429	\$ 27,668,999
1,110,889	1,122,407	1,088,411	1,884,617	2,916,398	3,239,558
14,337,788	15,702,873	18,227,854	20,137,343	30,266,728	31,289,386
<u>\$ 40,215,929</u>	<u>\$ 41,327,765</u>	<u>\$ 45,133,314</u>	<u>\$ 48,052,123</u>	<u>\$ 60,091,555</u>	<u>\$ 62,197,943</u>
\$ 45,969,403	\$ 43,460,615	\$ 44,464,998	\$ 45,065,224	\$ 48,966,929	\$ 49,648,539
1,901,998	2,092,469	2,179,566	3,127,912	5,316,000	6,033,172
24,556,161	27,710,861	30,686,421	33,526,061	44,597,109	57,190,194
<u>\$ 72,427,562</u>	<u>\$ 73,263,945</u>	<u>\$ 77,330,985</u>	<u>\$ 81,719,197</u>	<u>\$ 98,880,038</u>	<u>\$ 112,871,905</u>

CITY OF SEGUIN, TEXAS  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

<b>Expenses</b>	Fiscal Year			
	2003	2004	2005	2006
<i>Governmental Activities:</i>				
General Government	\$ 2,088,843	\$ 2,066,233	\$ 1,491,421	\$ 2,144,300
Public Safety	6,891,929	6,668,990	7,030,748	7,560,114
Public Service	3,307,981	3,280,188	4,440,736	4,736,797
Capital Outlay	80,513	704,256	571,970	-
Interest on Long-Term Debt	431,463	441,944	591,677	786,986
<i>Total Governmental Activities</i>	<u>12,800,729</u>	<u>13,161,611</u>	<u>14,126,552</u>	<u>15,228,197</u>
<i>Business-Type Activities:</i>				
Utility	<u>25,583,317</u>	<u>26,549,001</u>	<u>28,742,996</u>	<u>33,270,869</u>
<i>Total Business-Type Activities</i>	<u>25,583,317</u>	<u>26,549,001</u>	<u>28,742,996</u>	<u>33,270,869</u>
<b>Total Primary Government Expenses</b>	<u><u>\$ 38,384,046</u></u>	<u><u>\$ 39,710,612</u></u>	<u><u>\$ 42,869,548</u></u>	<u><u>\$ 48,499,066</u></u>
<b>Program Revenues</b>				
<i>Governmental Activities:</i>				
Charges for Services:				
General Government	\$ 1,751,771	\$ 1,752,033	\$ 1,937,646	\$ 1,924,059
Public Safety	1,992,253	2,089,289	2,043,277	2,316,451
Public Service	1,489,125	1,417,030	1,535,572	1,722,142
Operating Grants and Contributions	641,429	260,124	203,241	156,943
Capital Grants and Contributions	<u>144,192</u>	<u>998,753</u>	<u>614,296</u>	<u>891,532</u>
<i>Total Governmental Activities</i>	<u>6,018,770</u>	<u>6,517,229</u>	<u>6,334,032</u>	<u>7,011,127</u>
<i>Business-Type Activities:</i>				
Charges for Services	24,742,314	25,806,102	28,442,576	35,133,606
Operating Grants and Contributions	133,000	127,500	122,000	116,500
Capital Grants and Contributions	<u>319,162</u>	<u>463,424</u>	<u>336,870</u>	<u>891,707</u>
<i>Total Business-Type Activities</i>	<u>25,194,476</u>	<u>26,397,026</u>	<u>28,901,446</u>	<u>36,141,813</u>
<b>Total Primary Government Program Revenues</b>	<u><u>\$ 31,213,246</u></u>	<u><u>\$ 32,914,255</u></u>	<u><u>\$ 35,235,478</u></u>	<u><u>\$ 43,152,940</u></u>



TABLE 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 1,878,372	\$ 1,794,323	\$ 1,859,944	\$ 1,859,525	\$ 2,077,927	\$ 1,482,333
8,898,829	8,891,772	9,068,057	9,494,381	10,057,294	10,617,994
5,418,440	5,946,254	6,471,090	6,636,986	6,912,623	7,849,643
-	-	-	-	-	-
1,035,118	1,368,967	1,484,296	1,444,828	1,747,075	1,730,743
17,230,759	18,001,316	18,883,387	19,435,720	20,794,919	21,680,713
32,201,030	38,003,981	38,080,613	36,430,136	37,725,027	39,541,905
32,201,030	38,003,981	38,080,613	36,430,136	37,725,027	39,541,905
<u>\$ 49,431,789</u>	<u>\$ 56,005,297</u>	<u>\$ 56,964,000</u>	<u>\$ 55,865,856</u>	<u>\$ 58,519,946</u>	<u>\$ 61,222,618</u>
\$ 1,964,123	\$ 2,396,731	\$ 2,438,156	\$ 2,419,222	\$ 2,423,729	\$ 2,617,386
2,482,048	2,178,103	2,312,047	2,957,157	3,337,034	2,940,217
2,355,714	1,948,256	2,412,189	2,228,708	2,393,691	2,464,152
396,114	566,929	156,418	965,782	719,700	985,512
599,544	144,622	598,398	567,658	222,703	221,193
7,797,543	7,234,641	7,917,208	9,138,527	9,096,857	9,228,460
34,079,849	38,334,793	41,231,252	39,290,331	43,211,099	41,463,853
111,000	105,500	-	-	-	-
274,110	674,119	490,976	87,917	257,571	40,454
34,464,959	39,114,412	41,722,228	39,378,248	43,468,670	41,504,307
<u>\$ 42,262,502</u>	<u>\$ 46,349,053</u>	<u>\$ 49,639,436</u>	<u>\$ 48,516,775</u>	<u>\$ 52,565,527</u>	<u>\$ 50,732,767</u>

CITY OF SEGUIN, TEXAS  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS (CONTINUED)  
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (6,781,959)	\$ (6,644,382)	\$ (7,792,520)	\$ (8,217,070)
Business-Type Activities	(388,841)	(151,975)	158,450	2,870,944
Total Primary Government				
Net (Expense)	<u>\$ (7,170,800)</u>	<u>\$ (6,796,357)</u>	<u>\$ (7,634,070)</u>	<u>\$ (5,346,126)</u>
<b>General Revenues and Other</b>				
<b>Changes in Net Assets</b>				
<i>Governmental Activities:</i>				
General Property Taxes	\$ 3,392,321	\$ 3,497,038	\$ 3,693,120	\$ 4,046,240
Franchise Taxes	751,306	830,076	862,023	554,974
Sales Taxes	3,043,737	3,265,288	3,563,124	3,776,429
Occupancy Taxes	-	-	-	386,595
Interest and Investment Earnings	236,159	205,057	482,666	1,004,432
Miscellaneous	300,729	44,083	243,970	-
Gain (Loss) on Sale of Capital Assets	-	-	-	2,264
Special Items	-	-	-	-
Transfers	103,000	150,000	194,846	44,681
<i>Total Governmental Activities</i>	<u>7,827,252</u>	<u>7,991,542</u>	<u>9,039,749</u>	<u>9,815,615</u>
<i>Business-Type Activities Charges for Services:</i>				
Interest and Investment Earnings	145,252	167,130	292,971	537,526
Gain (Loss) on Sale of Capital Assets	-	-	40,092	2,510
Special Items	-	-	-	-
Transfers	(103,000)	(150,000)	(194,846)	(44,681)
<i>Total Business-Type Activities</i>	<u>42,252</u>	<u>17,130</u>	<u>138,217</u>	<u>495,355</u>
<b>Total Primary Government</b>	<u>\$ 7,869,504</u>	<u>\$ 8,008,672</u>	<u>\$ 9,177,966</u>	<u>\$ 10,310,970</u>
<b>Change in Net Assets</b>				
Governmental Activities	\$ 1,045,293	\$ 1,347,160	\$ 1,247,229	\$ 1,598,545
Business-Type Activities	(346,589)	(134,845)	296,667	3,366,299
Total Primary Government	<u>\$ 698,704</u>	<u>\$ 1,212,315</u>	<u>\$ 1,543,896</u>	<u>\$ 4,964,844</u>

TABLE 2 (CONT.)

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ (9,433,216)	\$ (10,766,675)	\$(10,966,179)	\$(10,297,193)	\$(11,698,062)	\$(12,452,253)
2,263,929	1,110,431	3,641,615	2,948,112	5,743,643	1,962,402
<u>\$ (7,169,287)</u>	<u>\$ (9,656,244)</u>	<u>\$ (7,324,564)</u>	<u>\$ (7,349,081)</u>	<u>\$ (5,954,419)</u>	<u>\$(10,489,851)</u>
\$ 4,582,576	\$ 5,049,451	\$ 5,620,048	\$ 5,694,180	\$ 6,363,981	\$ 7,032,068
620,386	625,509	691,665	920,524	833,019	853,330
4,096,755	4,355,410	4,256,246	4,473,399	4,472,305	5,512,435
457,310	523,108	458,343	550,999	809,377	869,409
1,056,068	684,611	201,373	55,460	35,855	63,548
-	-	-	-	500,000	505,000
(45,385)	-	-	-	-	-
-	(1,330,867)	-	-	3,000,000	9,585,200
(229,454)	584,000	-	72,034	804,934	(83,258)
<u>10,538,256</u>	<u>10,491,222</u>	<u>11,227,675</u>	<u>11,766,596</u>	<u>16,819,471</u>	<u>24,337,732</u>
771,998	565,238	160,396	42,731	37,921	67,211
243,192	20,167	3,538	-	62,802	(6,483)
-	-	-	-	7,000,000	-
229,454	(584,000)	-	(72,034)	(804,934)	83,258
<u>1,244,644</u>	<u>1,405</u>	<u>163,934</u>	<u>(29,303)</u>	<u>6,295,789</u>	<u>143,986</u>
<u>\$ 11,782,900</u>	<u>\$ 10,492,627</u>	<u>\$ 11,391,609</u>	<u>\$ 11,737,293</u>	<u>\$ 23,115,260</u>	<u>\$ 24,481,718</u>
\$ 1,105,040	\$ (275,453)	\$ 261,496	\$ 1,469,403	\$ 5,121,409	\$ 11,885,479
3,508,573	1,111,836	3,805,549	2,918,809	12,039,432	2,106,388
<u>\$ 4,613,613</u>	<u>\$ 836,383</u>	<u>\$ 4,067,045</u>	<u>\$ 4,388,212</u>	<u>\$ 17,160,841</u>	<u>\$ 13,991,867</u>

CITY OF SEGUIN, TEXAS  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	Fiscal Year			
	2003	2004	2005	2006
<i>General Fund:</i>				
Nonspendable	\$ 35,597	\$ 57,090	\$ 55,380	\$ 49,326
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	7,034,574	7,695,296	7,110,870	6,748,938
<i>Total General Fund</i>	<u>\$ 7,070,171</u>	<u>\$ 7,752,386</u>	<u>\$ 7,166,250</u>	<u>\$ 6,798,264</u>
<i>All other Governmental Funds:</i>				
Nonspendable	\$ -	\$ -	\$ 393	\$ -
Restricted - Special Revenue	568,076	360,578	457,875	454,137
Restricted - Capital Projects	4,529,929	8,571,564	6,000,724	8,282,350
Restricted - Debt Service	675,878	485,625	519,072	464,988
Committed - Special Revenue	599	-	3	9,373
Assigned - Capital Projects	2,106,563	2,571,922	3,466,009	2,954,110
<i>Total Other Governmental Funds</i>	<u>\$ 7,881,045</u>	<u>\$ 11,989,689</u>	<u>\$ 10,444,076</u>	<u>\$ 12,164,958</u>

TABLE 3

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 59,612	\$ 66,379	\$ 61,015	\$ 56,899	\$ 73,101	\$ 66,104
-	-	-	-	22,800	22,800
-	-	-	-	-	2,208,762
6,543,410	7,372,266	7,697,782	8,655,304	8,773,457	17,454,678
<u>\$ 6,603,022</u>	<u>\$ 7,438,645</u>	<u>\$ 7,758,797</u>	<u>\$ 8,712,203</u>	<u>\$ 8,869,358</u>	<u>\$ 19,752,344</u>
\$ -	\$ 2,160	\$ 5,520	\$ 4,295	\$ -	\$ 22,852
880,981	982,294	1,002,698	1,065,039	1,389,762	1,701,526
4,923,857	9,788,858	7,435,646	3,749,080	11,920,110	14,004,274
652,652	851,815	945,507	1,068,598	945,380	1,019,857
17,843	11,529	23,137	23,413	31,331	11,113
2,278,642	2,196,305	2,259,074	1,940,052	2,059,875	2,183,206
<u>\$ 8,753,975</u>	<u>\$ 13,832,961</u>	<u>\$ 11,671,582</u>	<u>\$ 7,850,477</u>	<u>\$ 16,346,458</u>	<u>\$ 18,942,828</u>

CITY OF SEGUIN, TEXAS  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes	\$ 7,071,217	\$ 7,556,687	\$ 8,126,084	\$ 8,981,094
Licenses and Permits	327,132	318,832	244,411	233,974
Intergovernmental	1,434,897	1,919,841	1,364,244	845,670
Charges for Services	3,534,622	3,567,468	3,768,684	3,908,322
Fines and Forfeits	722,118	711,088	681,638	676,168
Interest	229,873	199,082	476,020	987,113
Miscellaneous	300,731	143,685	273,960	352,559
<b>Total Revenues</b>	<u>13,620,590</u>	<u>14,416,683</u>	<u>14,935,041</u>	<u>15,984,900</u>
<b>Expenditures</b>				
General Government	1,994,572	2,060,908	2,142,238	2,443,736
Public Safety	6,223,810	6,298,063	6,459,052	7,129,917
Public Service	2,970,226	2,973,870	3,220,304	3,419,339
Nondepartmental	2,042,011	1,604,448	1,315,515	1,834,751
Indirect Cost Allocation (Recovery)	(2,047,999)	(2,047,327)	(2,332,859)	(2,333,433)
Capital Projects/ Outlay	2,193,336	4,607,113	5,235,737	8,712,503
Debt Service:				
Principal	635,000	890,000	1,130,000	946,411
Interest and Fiscal Charges	429,363	391,375	560,085	740,680
Bond Issue Costs	-	70,374	-	192,351
<b>Total Expenditures</b>	<u>14,440,319</u>	<u>16,848,824</u>	<u>17,730,072</u>	<u>23,086,255</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(819,729)</u>	<u>(2,432,141)</u>	<u>(2,795,031)</u>	<u>(7,101,355)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,389,138	1,617,403	2,945,540	1,084,933
Transfers Out	(1,678,778)	(1,494,403)	(2,444,660)	(1,208,609)
Issuance of Long-Term Financing	-	7,100,000	162,502	8,805,242
Payments to Refunding Bond Escrow Agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(289,640)</u>	<u>7,223,000</u>	<u>663,382</u>	<u>8,681,566</u>
<b>Special Items</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u><u>\$ (1,109,369)</u></u>	<u><u>\$ 4,790,859</u></u>	<u><u>\$ (2,131,649)</u></u>	<u><u>\$ 1,580,211</u></u>
Debt Service as a percentage of Noncapital Expenditures	8.7%	11.0%	13.5%	13.1%

TABLE 4

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 9,823,009	\$ 10,578,794	\$ 11,000,334	\$ 11,586,011	\$ 12,413,070	\$ 14,250,325
313,206	542,193	273,991	329,009	325,496	404,953
1,007,956	999,436	1,467,479	2,253,478	1,462,440	1,842,006
3,770,273	4,260,013	4,942,725	5,127,519	5,071,986	5,375,293
719,521	964,752	818,794	1,366,173	1,534,392	1,422,147
1,041,605	674,264	201,149	54,851	35,283	63,074
975,127	455,465	329,079	129,349	741,762	721,692
<u>17,650,697</u>	<u>18,474,917</u>	<u>19,033,551</u>	<u>20,846,390</u>	<u>21,584,429</u>	<u>24,079,490</u>
2,550,851	2,930,937	3,047,345	3,043,817	3,271,912	2,970,433
8,164,911	8,277,544	8,532,673	8,862,366	9,919,756	9,946,852
4,300,974	3,907,102	4,087,284	4,541,940	4,562,336	5,877,185
1,221,472	1,416,615	1,310,186	1,491,764	1,809,481	1,620,181
(2,437,684)	(2,798,522)	(2,869,702)	(2,952,855)	(3,288,861)	(3,430,197)
12,469,055	5,705,912	4,970,168	5,751,957	3,792,747	2,702,978
961,856	1,189,174	1,414,361	1,466,258	1,584,205	1,973,707
1,037,116	1,307,381	1,465,362	1,428,424	1,678,851	1,686,787
143,930	249,427	22,500	-	328,000	146,006
<u>28,412,481</u>	<u>22,185,570</u>	<u>21,980,177</u>	<u>23,633,671</u>	<u>23,658,427</u>	<u>23,493,932</u>
<u>(10,761,784)</u>	<u>(3,710,653)</u>	<u>(2,946,626)</u>	<u>(2,787,281)</u>	<u>(2,073,998)</u>	<u>585,558</u>
1,537,142	1,747,357	811,222	631,000	1,386,102	1,264,924
(1,793,596)	(1,194,357)	(811,222)	(711,428)	(1,763,058)	(1,435,973)
6,645,271	9,380,927	1,105,409	-	11,104,090	6,455,635
-	-	-	-	-	(2,975,988)
<u>6,388,817</u>	<u>9,933,927</u>	<u>1,105,409</u>	<u>(80,428)</u>	<u>10,727,134</u>	<u>3,308,598</u>
-	230,662	-	-	-	9,585,200
<u><u>\$(4,372,967)</u></u>	<u><u>\$ 6,453,936</u></u>	<u><u>\$ (1,841,217)</u></u>	<u><u>\$ (2,867,709)</u></u>	<u><u>\$ 8,653,136</u></u>	<u><u>\$ 13,479,356</u></u>
13.4%	16.1%	16.5%	15.7%	16.4%	17.5%

CITY OF SEGUIN, TEXAS  
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

TABLE 5

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales &amp; Use</u>	<u>Occupancy</u>	<u>Franchise</u>	<u>Total</u>
2003	\$ 3,276,174	\$ 3,043,737	\$ 273,988	\$ 477,318	\$ 7,071,217
2004	3,461,323	3,265,288	304,981	525,095	7,556,687
2005	3,700,937	3,563,124	320,536	541,487	8,126,084
2006	4,035,681	3,776,429	527,324	641,660	8,981,094
2007	4,648,558	4,096,755	457,310	620,386	9,823,009
2008	5,074,767	4,355,410	523,108	625,509	10,578,794
2009	5,594,080	4,256,246	458,343	691,665	11,000,334
2010	5,641,089	4,473,399	550,999	920,524	11,586,011
2011	6,298,369	4,495,098	786,585	833,018	12,413,070
2012	7,015,151	5,512,435	869,409	853,330	14,250,325



CITY OF SEGUIN, TEXAS  
 ASSESSED VALUE AND ACTUAL VALUE OF PROPERTY  
 LAST TEN FISCAL YEARS  
 (Unaudited)

TABLE 6

Fiscal Year	Residential Property	Commercial Property	Industrial Property	All Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2012	\$ 723,441,220	\$ 431,521,993	\$ 550,501,805	\$ 150,003,452	\$ 467,115,554	\$ 1,388,352,916	0.5073
2011	716,337,690	381,012,529	344,847,282	220,121,445	334,238,078	1,328,080,868	0.4893
2010	668,475,414	383,484,507	330,139,839	209,183,412	312,223,664	1,279,059,508	0.4600
2009	657,580,380	369,860,723	334,046,725	195,824,119	342,543,265	1,214,768,682	0.4823
2008	602,014,523	330,995,847	312,967,426	190,092,227	320,532,212	1,115,537,811	0.4726
2007	514,576,330	287,310,912	316,582,669	148,873,333	295,009,577	972,333,667	0.4814
2006	477,295,664	260,735,171	353,323,689	140,742,393	284,400,722	947,696,195	0.4326
2005	459,102,183	231,834,159	383,374,394	134,838,056	290,829,976	918,318,816	0.4021
2004	431,398,362	222,509,407	403,661,349	134,405,275	310,352,245	881,622,148	0.3976
2003	-	-	-	-	-	814,802,346	0.4007

Source: Guadalupe County Appraisal District

Tax rates are per \$100 of assessed value.

Line item detail of the Total Taxable Assessed Value is not available for assessments prior to FY 2004.

Total Taxable Assessed Value is not adjusted for enacted freeze on property values for certain taxpayers, which became effective January 1, 2006.

The freeze adjusted taxable value for the 2011 tax roll was \$1,202,965,147

CITY OF SEGUIN, TEXAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Unaudited)

TABLE 7

Fiscal Year	City Direct Rates			Overlapping Rates	
	General M&O	Debt Service	Total Direct	School District	Guadalupe County
2003	0.26910	0.13160	0.40070	1.6400	0.36540
2004	0.27670	0.12090	0.39760	1.6850	0.35310
2005	0.26450	0.13760	0.40210	1.6850	0.40310
2006	0.27180	0.16080	0.43260	1.6944	0.40310
2007	0.27060	0.21080	0.48140	1.6890	0.40310
2008	0.25870	0.21390	0.47260	1.1600	0.38450
2009	0.23230	0.25000	0.48230	1.2498	0.32950
2010	0.23250	0.22750	0.46000	1.2498	0.38950
2011	0.26930	0.22000	0.48930	1.2498	0.39990
2012	0.26930	0.23800	0.50730	1.2598	0.40360

CITY OF SEGUIN, TEXAS  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)

TABLE 8

Taxpayer	Fiscal Year 2012 (2011 Tax Levy)			Fiscal Year 2003 (2002 Tax Levy)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Rio Nogales Power Project LP	\$ 97,230,164	1	7.00%	\$ 9,726,777	5	1.19%
Temic Automotive	39,604,403	2	2.85%	-		-
Hexcel Corporation	15,595,693	3	1.12%	15,399,381	2	1.89%
Tyson Foods, Inc.	11,375,090	4	0.82%	11,380,907	4	1.40%
ITW Minigrip, Inc.	9,167,685	5	0.66%	6,544,023	8	0.80%
Ameritex Pipe & Products LLC	9,053,247	6	0.65%	-		-
Wal-Mart Real Estate Business Trust	7,411,493	7	0.53%	-		-
Mojave & 395 LLC & Malibu Coastline LLC	6,775,363	8	0.49%	-		-
Westco, Inc.	6,595,415	9	0.48%	-		-
Wal-Mart Stores #901	6,245,109	10	0.45%	15,316,798	3	1.88%
Motorola, Inc.				97,091,199	1	11.92%
Alamo Group (TX)/ Terrain King				9,472,582	6	1.16%
Southwestern Bell Telephone				8,487,632	7	1.04%
Frontier Land Limited				5,973,858	9	0.73%
HE Butt Grocery Co				5,330,128	10	0.65%
Total	<u>\$ 209,053,662</u>		<u>15.06%</u>	<u>\$ 184,723,285</u>		<u>22.67%</u>

Source: Guadalupe County Appraisal District

CITY OF SEGUIN, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)

TABLE 9

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2003	\$ 3,264,913	\$ 3,148,767	96.4%	\$ 109,420	\$ 3,258,187	99.8%
2004	3,461,322	3,314,635	95.8%	138,041	3,452,676	99.8%
2005	3,670,226	3,560,194	97.0%	98,270	3,658,464	99.7%
2006	4,043,713	3,854,709	95.3%	173,414	4,028,123	99.6%
2007	4,527,973	4,325,674	95.5%	181,096	4,506,770	99.5%
2008	5,061,063	4,855,402	95.9%	179,123	5,034,525	99.5%
2009	5,618,105	5,443,556	96.9%	121,098	5,564,654	99.0%
2010	5,987,710	5,829,714	97.4%	94,408	5,924,122	98.9%
2011	6,243,006	6,056,865	97.0%	78,750	6,135,615	98.3%
2012	6,766,524	6,577,230	97.2%	-	6,577,230	97.2%

*Amount collected includes discounts*

CITY OF SEGUIN, TEXAS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)

TABLE 10

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per* Capita	Percentage of Personal Income
	Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases					
2003	\$ 5,650,000	\$ 915,000	\$ -	\$ 3,610,000	\$ -	\$ 10,175,000	\$ 814,802,346	1.2%	\$ 446	3.2%
2004	11,570,000	1,205,000	-	9,315,000	-	22,090,000	881,622,148	2.5%	968	7.0%
2005	11,165,000	480,000	144,084	8,985,000	222,009	20,996,093	918,318,816	2.3%	919	6.7%
2006	19,250,000	240,000	137,019	14,150,000	207,548	33,984,567	947,696,195	3.6%	1,355	9.9%
2007	24,365,000	760,000	90,162	13,670,000	193,792	39,078,954	972,333,667	4.0%	1,470	10.7%
2008	31,535,000	1,589,749	40,664	17,095,000	205,019	50,465,432	1,115,537,811	4.5%	1,805	13.1%
2009	30,580,000	2,164,298	112,163	16,345,000	185,325	49,386,786	1,214,768,682	4.1%	1,765	12.8%
2010	29,540,000	1,772,520	77,683	15,570,000	164,547	47,124,750	1,279,059,508	3.7%	1,607	10.2%
2011	39,235,000	1,345,970	329,118	22,600,000	144,321	63,654,409	1,328,080,868	4.8%	2,528	12.7%
2012	41,379,337	930,000	211,860	21,640,663	122,815	64,284,675	1,388,352,916	4.6%	2,478	13.0%

*Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.*

*\* Population and Personal Income data can be found on page 134.*

CITY OF SEGUIN, TEXAS  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)

TABLE 11

Fiscal Year	General Bonded Debt		Available in Debt Service Funds	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
	Bonds	Notes Payable					
2003	\$ 5,650,000	\$ 915,000	\$ (622,022)	\$ 5,942,978	\$ 814,802,346	0.7%	260
2004	11,570,000	1,205,000	(485,625)	12,289,375	881,622,148	1.4%	538
2005	11,165,000	480,000	(519,072)	11,125,928	918,318,816	1.2%	487
2006	19,250,000	240,000	(464,988)	19,025,012	947,696,195	2.0%	758
2007	24,365,000	760,000	(652,652)	24,472,348	972,333,667	2.5%	920
2008	31,535,000	1,589,749	(851,815)	32,272,934	1,115,537,811	2.9%	1,155
2009	30,580,000	2,164,298	(945,517)	31,798,781	1,214,768,682	2.6%	1,137
2010	29,540,000	1,772,520	(1,068,598)	30,243,922	1,279,059,508	2.4%	1,031
2011	39,325,000	1,345,970	(945,380)	39,725,590	1,328,080,868	3.0%	1,578
2012	41,379,337	930,000	(1,019,857)	41,289,480	1,388,352,916	3.0%	1,592

*Note: Details about the City's outstanding debt can be found in the notes to the financial statements.*

*\*Population data can be found on page 134.*

CITY OF SEGUIN, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
SEPTEMBER 30, 2012  
(Unaudited)

TABLE 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Guadalupe County	\$ 15,915,000	16.22%	\$ 2,581,413
Seguin Independent School District	72,821,695	57.07%	<u>41,559,341</u>
Subtotal, Overlapping Debt			44,140,754
Seguin Direct Debt (Net)			<u>41,289,480</u>
Total Direct and Overlapping Debt			<u><u>\$ 85,430,234</u></u>

Source: Municipal Advisory Council of Texas.

*Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses on the City of Seguin, Texas. This process recognizes that, when considering the City of Seguin's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.*

CITY OF SEGUIN, TEXAS  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
(Unaudited)

**Legal Debt Margin Calculation for Fiscal Year 2012**

Assessed Value	<u>\$ 1,388,352,916</u>
* Debt limit (10% of assessed value)	138,835,292
Outstanding Debt <sup>[1]</sup>	42,309,337
Less amount set aside for repayment of general obligation debt	<u>(1,019,857)</u>
Total net debt applicable to limit	<u>41,289,480</u>
Economic Debt Margin	<u><u>\$ 97,545,812</u></u>

	Fiscal Year			
	2003	2004	2005	2006
Debt Limit	<u>\$ 81,480,235</u>	<u>\$ 87,055,382</u>	<u>\$ 91,831,882</u>	<u>\$ 94,769,620</u>
Total net debt applicable to limit	<u>(5,942,978)</u>	<u>(12,289,375)</u>	<u>(11,125,928)</u>	<u>(19,025,012)</u>
Economic Debt Margin	<u><u>\$ 75,537,257</u></u>	<u><u>\$ 74,766,007</u></u>	<u><u>\$ 80,705,954</u></u>	<u><u>\$ 75,744,608</u></u>

<sup>[1]</sup> Texas does not have a legal debt margin for cities. The only limit on taxation is \$2.50 per \$100 of assessed value. Good financial integrity calls for 10% of assessed value to be used for debt limit.



TABLE 13

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 97,233,367 (24,472,348)	\$ 111,553,781 (32,522,934)	\$ 121,476,868 (31,798,781)	\$ 127,905,951 (30,243,922)	\$ 132,808,087 (39,725,590)	\$ 138,835,292 (41,289,480)
<u>\$ 72,761,019</u>	<u>\$ 79,030,847</u>	<u>\$ 89,678,087</u>	<u>\$ 97,662,029</u>	<u>\$ 93,082,497</u>	<u>\$ 97,545,812</u>



CITY OF SEGUIN, TEXAS  
 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (Unaudited)

TABLE 14

<u>Fiscal Year</u>	<u>Utility Service Charges</u>	<u>Less: Operating Expenses*</u>	<u>Net Available Revenue</u>	<u>Debt Service Principal</u>	<u>Interest</u>	<u>Coverage</u>
2003	\$ 23,736,976	\$(21,739,036)	\$ 1,997,940	\$ 1,270,000	\$ 239,555	1.32
2004	25,303,119	(23,359,392)	1,943,727	795,000	376,103	1.66
2005	28,092,264	(25,577,533)	2,514,731	330,000	409,413	3.40
2006	35,133,605	(30,070,979)	5,062,626	335,000	375,609	7.12
2007	34,079,849	(29,245,499)	4,834,350	480,000	677,022	4.18
2008	38,334,793	(34,927,078)	3,407,715	555,000	715,330	2.68
2009	41,231,252	(34,938,855)	6,292,397	750,000	744,488	4.21
2010	39,290,331	(33,098,744)	6,191,587	775,000	714,449	4.16
2011	43,211,099	(34,002,636)	9,208,463	805,000	961,171	5.21
2012	41,463,853	(35,728,904)	5,734,949	904,521	944,857	3.10

\* All operating expenses exclusive of depreciation

CITY OF SEGUIN, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS  
(Unaudited)

TABLE 15

Year	Census Population	Population Estimate	Median Family Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2003	22,011	22,832	\$ 36,931	\$ 13,740	32.6	7,408	5.2
2004	22,011	22,832	36,931	13,740	32.6	7,397	4.7
2005	22,011	22,845	36,931	13,740	32.6	7,502	4.4
2006	22,011	25,090	38,051	13,740	32.6	7,555	4.4
2007	22,011	26,590	38,051	13,740	32.6	7,879	3.6
2008	22,011	27,951	36,931	13,740	32.6	7,501	4.7
2009	22,011	27,979	36,931	13,740	33.0	7,559	7.1
2010	22,011	29,325	38,060	15,730	32.4	7,562	6.4
2011	25,175	25,175	40,339	19,851	33.0	7,547	7.3
2012	25,175	25,943	42,004	19,047	35.3	7,440	6.8

*Sources: Population, median family income, per capita personal income, and median age information provided by the United States Census Bureau and the Texas State Data Center and are the most recent available for the city. Population estimates are based on addition of annexed areas. School enrollment information provided by Seguin Independent School District. Unemployment rate is for Guadalupe County and is provided by the Texas Workforce Commission and the U.S. Dept. of Labor. Unemployment data is not available for the City.*

CITY OF SEGUIN, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND SIX YEARS AGO  
(Unaudited)

TABLE 16

Employer	2012			2006		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Continental AG (Motorola)	1,171	1	10.96%	1,395	1	13.11%
Seguin Independent School District	1,078	2	10.09%	1,220	2	11.47%
Texas Power Systems/ CAT	1,036	3	9.69%	--		--
CMC Steel	880	4	8.24%	838	3	7.88%
Tyson Foods	762	5	7.13%	472	6	4.44%
Guadalupe Regional Medical Center	667	6	6.24%	697	4	6.55%
Guadalupe County	579	7	5.42%	514	5	4.83%
Wal-Mart Super Center	400	8	3.74%	400	7	3.76%
Texas Lutheran University	326	9	3.05%	308	8	2.89%
City of Seguin	308	10	2.88%	279	9	2.62%
HEB	250	11	2.34%	250	10	2.35%
Total	7,457		69.78%	6,373		59.90%

*Source: Seguin Area Chamber of Commerce, Texas Workforce Commission, and Seguin Economic Development Corporation.*

CITY OF SEGUIN, TEXAS  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)

Function	Fiscal Year				
	2012	2011	2010	2009	2008
Police					
Physical arrests	1,509	1,548	1,444	1,200	1,210
Traffic citations	12,349	15,040	13,027	14,456	17,612
Parking citations	176	44	517	615	850
Fire/EMS					
Emergency responses	3,162	3,692	3,578	3,738	3,578
Non-emergency response/Service Calls	1837	1435	74	604	609
Inspections	831	289	654	728	670
Refuse collection (by private contractor)					
# of customers	7,850	7,739	7,609	7,486	7,450
Parks and Recreation					
Park and sport facility rentals	624	734	721	690	709
Sport league participants	2,815	2,670	2,611	2,073	2,008
Program participants	5,172	4,822	4,782	5,875	6,214
Wave Pool admissions	13,126	14,015	10,504	13,693	14,015
Library					
Volumes in collection	69,563	76,126	76,440	76,805	75,202
Total volumes borrowed	210,820	229,389	233,609	226,206	218,206
Electric					
# of customers	8,191	8,210	8,011	8,014	8,069
Sales (millions of \$)	25.8	26.5	26.4	28.2	25.6
Water					
# of customers	7,088	7,060	7,019	7,044	7,036
Average daily production (millions of gal.)					
Surface water	2.769	2.875	2.139	2.005	2.317
Well water	3.169	3.402	3.163	4.122	3.789
Total	5.938	6.277	5.302	6.127	6.106
Water main repairs (main sizes from 3/4" to 16")	74	56	97	76	70
Wastewater					
Average daily sewage treatment (millions of gal.)	4.130	3.960	3.326	3.220	3.020

Sources: City departments

Notes: Fire/EMS statistics are on a calendar basis. Program participants under Parks and Recreation include day camp, after-school, softball, & swimming lessons. Sales of electricity are of purchased power; the City does not generate electric power.

TABLE 17

Fiscal Year				
2007	2006	2005	2004	2003
1,019	1,062	1,347	1,396	677
7,922	9,314	9,518	8,434	6,418
1,485	828	292	878	1,341
3,661	3,429	3,235	3,288	3,067
813	580	606	592	498
564	556	299	235	247
7,346	7,200	7,126	7,122	7,056
689	778	686	740	423
2,117	2,005	1,994	1,765	1,527
5,800	5,220	4,775	4,391	3,874
13,453	12,525	13,356	11,683	10,941
72,755	69,864	70,638	67,820	64,868
192,701	199,148	198,528	191,885	175,882
8,075	8,053	7,903	7,824	7,848
23.2	23.6	18.8	17.1	16.3
7,036	6,998	6,924	6,834	6,816
2.586	3.148	3.069	1.812	1.302
3.228	3.145	2.986	2.596	2.150
5.814	6.293	6.055	4.408	3.452
102	86	70	51	64
3.456	3.420	3.259	3.645	4.036

CITY OF SEGUIN, TEXAS  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)

Function	Fiscal Year				
	2012	2011	2010	2009	2008
Police					
Stations	1	1	1	1	1
Police vehicles	62	62	62	61	60
Fire stations	3	3	3	3	3
Public works					
Streets (miles of paved)	178.48	178.48	174.91	174.63	174.52
Parks and Recreation					
Number of parks	11	10	10	10	10
Acreage	299.91	289.41	289.41	289.41	289.41
Water					
Water mains (miles)	117.00	118.90	118.63	118.28	117.64
Fire hydrants	1,081	978	978	978	976
Storage capacity (millions of gallons)	7.79	7.79	7.79	7.79	7.79
Wastewater					
Sanitary sewers (miles)	118.00	129.00	124.27	123.84	119.25



TABLE 18

Fiscal Year				
2007	2006	2005	2004	2003
1	1	1	1	1
61	60	56	55	55
3	3	3	3	3
173.81	172.10	162.62	161.92	161.02
10	10	10	10	10
289.41	289.41	289.41	273.94	273.94
117.14	117.14	116.50	115.39	113.55
973	967	955	934	883
7.79	7.79	7.79	7.79	7.79
118.70	118.52	111.79	109.72	107.36

CITY OF SEGUIN, TEXAS  
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)

Function	Fiscal Year				
	2012	2011	2010	2009	2008
General Government					
Financial Administration	8	7	7	7	8
City Manager	3	3	3	5	5
Human Resources	5	5	5	5	6
Planning and Zoning	10	10	9	9	9
City Secretary	1	1	1	1	1
Information Systems	3	3	2	-	0
Facilities and Grounds	3	12	11	9	10
Public Safety					
Police	72	68	68	64	63
Fire/EMS	51	51	49	47	50
Legal & Judicial	5	5	4	4	4
Animal Control	4	3	3	3	3
Public Service					
Public Works	28	24	18	18	17
Vehicle Maintenance	3	3	3	3	3
Library	8	8	8	8	8
Parks and Recreation	17	10	8	7	8
Golf Course	9	9	9	9	8
DownTown & Main St. Program	2	2	2	2	2
Coliseum	1	1	1	1	1
Utility Fund					
Administration	2	2	2	2	4
Electric Production/Distribution	10	20	17	18	19
Utility Services	10	0	0	0	0
Water Production	11	11	17	15	17
Water/Sewer Maintenance	11	11	10	11	9
Sewer Plant	8	8	8	8	8
Economic Development	3	3	3	2	2
Facilities Maintenance	13	12	13	13	14
Utility Billing	6	6	6	6	6
CVB	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>308</u></u>	<u><u>299</u></u>	<u><u>287</u></u>	<u><u>277</u></u>	<u><u>285</u></u>

Source: City Human Resources Department

TABLE 19

Fiscal Year				
2007	2006	2005	2004	2003
8	8	8	8	8
4	4	4	5	6
5	6	5	5	6
10	10	10	10	10
1	1	1	1	1
-	-	-	-	-
12	11	12	11	11
64	64	63	61	56
48	48	46	46	46
3	4	4	4	8
3	3	3	3	4
19	19	18	18	17
3	3	3	3	3
8	6	8	8	8
8	8	8	13	15
9	9	8	3	3
2	2	2	1	1
1	1	1	1	1
6	3	3	3	3
19	18	19	19	18
0	0	0	0	0
11	17	17	16	17
11	9	10	8	9
8	8	8	8	8
2	2	2	2	2
13	10	11	11	11
6	5	6	6	6
0	0	0	0	0
284	279	280	274	278



## COMPLIANCE SECTION



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and Members of the City Council  
City of Seguin, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of and for the year ended September 30, 2012, which collectively comprise the City of Seguin, Texas, basic financial statements and have issued our report thereon dated February 20, 2013. We conducted our audit in accordance with audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Seguin, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Seguin, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Seguin, Texas' internal control over financial reporting.

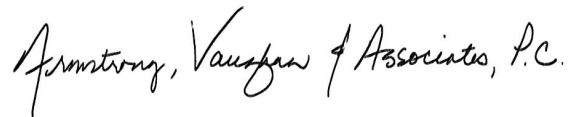
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Seguin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material affect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

February 20, 2013



## INDEPENDENT AUDITOR'S REPORT

### REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City Council Members  
City of Seguin, Texas  
P.O. Box 591  
Seguin, TX 78156-0591

#### Compliance

We have audited the City of Seguin, Texas's compliance with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Seguin, Texas's major federal programs for the year ended September 30, 2012. The City of Seguin, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Seguin, Texas's management. Our responsibility is to express an opinion on the City of Seguin, Texas's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Seguin, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Seguin, Texas's compliance with those requirements.

In our opinion, the City of Seguin, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

#### Internal Control Over Compliance

The management of the City of Seguin, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Seguin, Texas's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Seguin, Texas's internal control over compliance.

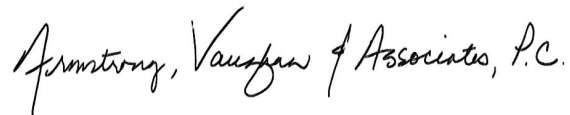


*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

February 20, 2013

CITY OF SEGUIN, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified ☐ Yes ☒ No

One or more significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Noncompliance material to financial Statements noted? ☐ Yes ☒ No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified ☐ Yes ☒ No

One or more significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Neighborhood Stabilization Program (HERA)
14.228	CDBG

Dollar threshold used to distinguish between Type A and type B Programs: \$300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF SEGUIN, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

FINDING 2011 - None

CITY OF SEGUIN, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF JUSTICE</b>		
Direct Awards		
Bullet Proof Vests	16.607	5,997
Asset Forfeiture Program	16.922	2,750
Passed Through Alamo Area Council of Governments		
VAWA	16.588	38,650
Passed Through Office of the Attorney General		
Victim Coordinator and Liaison Grant	16.588	3,166
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Passed Through Office of Rural and Community Affairs		
Neighborhood Stabilization	14.228	497,452
Passed Through Texas Department of Agriculture		
CDBG	14.228	147,410
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
Passed Through Alamo Area Council of Governments		
2010 Priority 2	97.073	5,390
<b>U.S. DEPARTMENT OF ENERGY</b>		
Passed Through State Energy Conservation Office		
Energy Efficiency and Conservaion - ARRA	81.128	83,518
<b>TOTAL FEDERAL AWARDS EXPENDED</b>		<b>\$ 784,333</b>

CITY OF SEGUIN, TEXAS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Seguin, Texas and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ in amounts presented in, or used in the preparation of, the financial statements.

